

FINANCIAL TIMES

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SECTION II

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WEEKEND FEBRUARY 1/FEBRUARY 2 1997

The FT at Davos



A special half page of news: Page 3

Ex-wife held over murder of Gucci fashion chief

Patrizia Reggiani, ex-wife of Maurizio Gucci, was among five people arrested for the murder of the former head of the fashion goods company, who was shot in Milan in 1995. Police arrested Ms Reggiani at dawn, as well as detaining two men allegedly hired as assassins for £500m (\$815,000), a hotel porter who allegedly acted as intermediary and Ms Reggiani's personal fortune teller. Page 2

London shares rise to a new peak

Wall Street's strength helped European stocks to rally, with London, Frankfurt and Paris among the seven continental bourses hitting all-time highs. In London, shares reacted to reassuring US data and bullish UK corporate news. The FTSE 100 share index hit a closing peak of 4,275.8 points, up 47.4 on the day four points above its previous record on January 23. Page 21; World Stocks, Page 19

Rivals vie for football clubs Rival consortia involving the International Management Group of sports entrepreneur Mark McCormack and Saatchi & Saatchi, the UK-based advertising agency, are bidding to take control of French football club Strasbourg. Page 2

Simpson jury dismissed The only black person on the jury in the O.J. Simpson wrongful death trial was dismissed and deliberations were ordered to begin again with a new juror, an Asian in his 30s. Judge Hiroshi Fujisaki gave no reason for the dismissal at the Santa Monica court. Former US sports star Simpson is being sued for liability for the deaths of his former wife and her friend.

Hanbo founder held South Korean prosecutors arrested Hanbo Group founder Chung Tae-soo in connection with huge loans to the group's steelmaking flagship, while the government took steps to safeguard Hanbo Steel. Page 3

Life for trafficker A US judge sentenced drug trafficker Juan Garcia Abrego to life in prison without parole and ordered him to pay almost \$600m in fines and forfeits. He received 11 life sentences and nine 20-year sentences for drug-trafficking, money laundering and bribery.

Madagascar results Former military ruler Didier Ratsiraka was declared president of Madagascar after a court said he won 50.7 per cent of the vote in last December's elections.

FT Enterprise
Part Two: Investing, trading and so on

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Mandela names Buthelezi president for a day

By Roger Matthews in Johannesburg

Surprise over gesture of reconciliation to Zulu people

Chief Mangosuthu Buthelezi, the Zulu leader, will achieve his greatest ambition tomorrow as he becomes president of South Africa - albeit for less than 24 hours. "I am filled with awe," he said.

His elevation comes from President Nelson Mandela, against whom he has battled for years, and of whom he said last year: "My trust in the President has been eroded to such an extent that I doubt whether it can ever be restored."

Mr Mandela, in response, has spoken of the "dark and sinister forces" at work in the province of KwaZulu-Natal, where Chief Buthelezi's Inkatha Freedom party controls the provincial assembly. It was therefore little wonder that Mr Mandela's announcement of the appointment yesterday to the Senate, the upper house of parliament, was greeted with gasps of astonishment, nervous laughter, then applause. It was an appointment, he said, based on merit.

The opportunity for this gesture of political generosity came because Mr Mandela leaves tomorrow for Davos in Switzerland to attend the annual meeting of the World Economic Forum. Mr Thabo Mbeki, the deputy president, is already there and will not return to South Africa until later the same day. Under the constitution, an acting president has to be appointed if both are out of the country. The move also demonstrates

that Mr Mandela, while burling his reputation for national reconciliation, has lost none of his political wiles. The IFP was rocked last week by the resignations of three of its most senior members, raising fears they would be replaced by hardliners, and that efforts in KwaZulu-Natal to achieve peace with Mr Mandela's African National Congress would be abandoned. At least 15,000 people have died in the violence of the past decade and tension in the

province remains a threat to long-term political stability. By leaving Chief Buthelezi in charge of the country and the armed forces, Mr Mandela could scarcely have made a more emphatic gesture to the Zulu people of his commitment to a lasting reconciliation between the ANC and the IFP. At the same time it may encourage Chief Buthelezi to remain within the governing coalition, in which he is minister of home affairs. The appointment also sharp-

ens speculation that Mr Mandela may be preparing to offer him the post of second deputy president, a position vacated by Mr F W de Klerk when he took the National party out of the government of national unity last year. It also relieves him of appointing an acting president from within the ANC, thereby anointing a number three. However, there is one possible drawback to Chief Buthelezi's appointment, according to Mr Alex Breda, the National party leader in the Senate. "I just hope he lets Mandela back into the country," he said.

Boost for Emu as \$1.18bn bond is sold in euros

By Richard Adams in London

European monetary union moved a step closer to reality yesterday with the launch of the first bonds denominated in the euro, the future European single currency.

A £1bn (\$1.18bn) euro-denominated bond by the European Investment Bank, the financing arm of the European Union, was three times oversubscribed. The success of the

issue proved the market had confidence in the strength of the euro and the future of the Emu project, market analysts said.

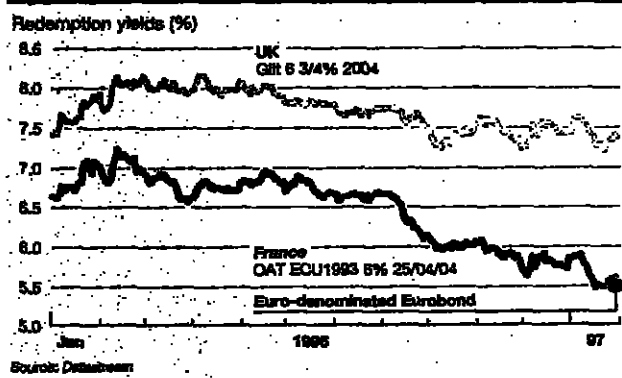
Sales of the euro issue were jointly managed by the London offices of the French bank Paribas and the Swiss bank SBC Warburg, along with the leading French financial institution Caisse des Dépôts et Consignations in Paris. The euro will not come into

existence until the third stage of monetary union, scheduled to go ahead in January 1999. Until then the ECU said it would pay the interest in European currency units (ecu), the basket of EU member currencies that will form the basis of the euro. Buyers of the bond will pay in ecus, and the EIB has pledged to convert ecus into euros on a one-to-one basis when a single currency is established.

Two of the lead managers of the issue said it had originally met with slight resistance from buyers in the market. Mr Cyrus Ardalan, of Paribas Capital Markets in London, said: "We did encounter a certain degree of scepticism." Mr Stephen West, managing director of SBC Warburg in London, said: "We were surprised at how well it went, to be honest."

He said the issue had been Continued on Page 24
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The Euro's debut



Surge in exports helps US growth accelerate sharply

By Gerard Baker in Washington

US economic growth accelerated sharply at the end of last year, pushed by a surge in exports and rising personal consumption, the commerce department reported yesterday.

Gross domestic product grew at an estimated annual rate of 4.7 per cent in real terms in the last three months of 1996, bouncing back from 2.1 per cent in the third quarter. For 1996 as a whole, growth was 2.5 per cent, a little above what most economists estimate to be the economy's long-run potential growth rate. The report emphasised the continuing weakness of domestic

prices. The price deflator, the main measure of inflation derived from the GDP figures, rose by 1.8 per cent in 1996, the slowest annual rate for more than 30 years.

News of the rapid growth failed to dent Wall Street's enthusiasm. Investors took heart that domestic demand grew moderately and that the price deflator remained firmly under control. In early afternoon trading the Dow Jones industrial average was up 43.87 points at 6,887.73. Bond prices edged down immediately after the release of the figures but rallied later.

Mr Bill Daley, the commerce secretary, said the report demonstrated the US economy was again the world's locomotive.

"It is hard to imagine an improvement on the results we have reported today. Growth is up but inflation is not."

The figures come ahead of the Federal Reserve's open market committee meeting next week, its first opportunity to review monetary policy this year. The benign scenario of steady growth with low inflation appears to provide no convincing case for a tightening of monetary policy, and money markets were expecting no change at the meeting on Tuesday and Wednesday.

Much of the GDP growth came from strong demand for US exports, which has no

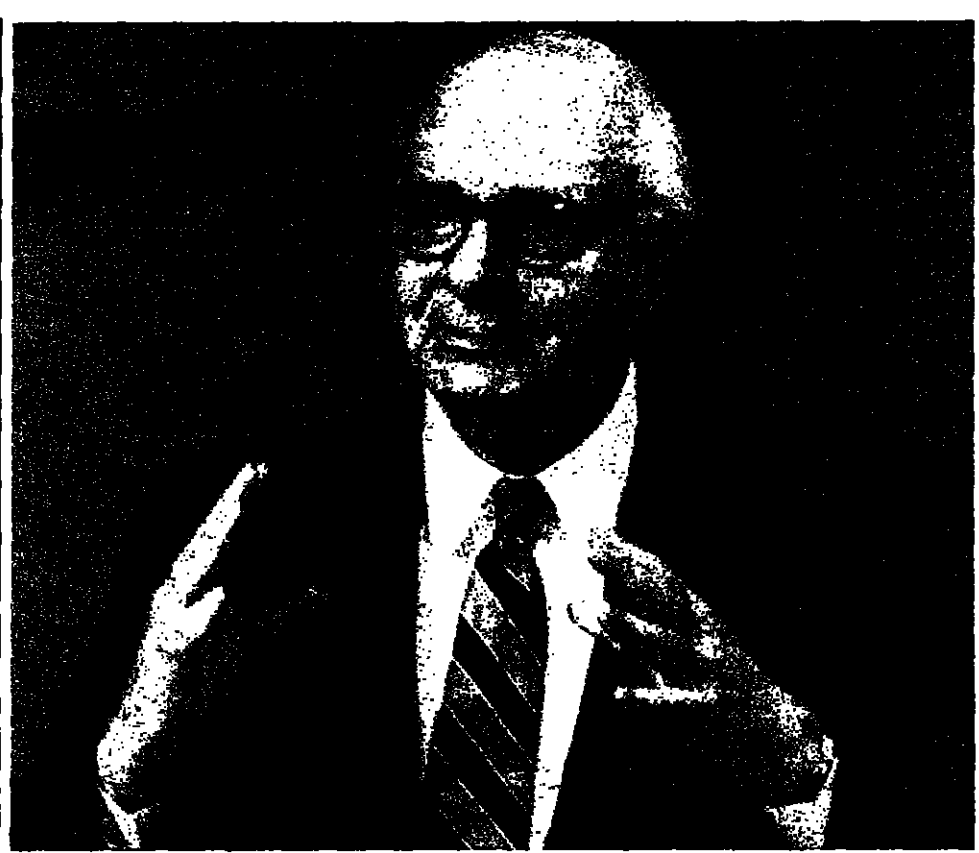
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STOCK MARKET INDICES

FTSE 100		US LUNCHTIME RATES		STERLING		DOLLAR	
Yield	5.82	Federal Funds	5.1/4	New York 1m	DM 1.8025	New York 1m	DM 1.8025
FTSE 100	4,275.8	3-m T-bill	5.14/8	London	DM 1.8015	London	DM 1.8015
FTSE All-Share	2,867.81	Long Bond	9 1/2	London	DM 1.8025 (1.8143)	London	DM 1.8025 (1.8143)
Nickel	16,330.01	Yield	6.782%	London	DM 2.2244 (2.2468)	London	DM 2.2244 (2.2468)
New York 1m	100.00			London	DM 2.2244 (2.2468)	London	DM 2.2244 (2.2468)
Dow Jones Ind	6,887.73			London	DM 2.2244 (2.2468)	London	DM 2.2244 (2.2468)
S & P Composite	791.0			London	DM 2.2244 (2.2468)	London	DM 2.2244 (2.2468)
				London	DM 2.2244 (2.2468)	London	DM 2.2244 (2.2468)

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Paul Volcker yesterday ordered a probe into document shredding by Swiss banks

Probe on Swiss documents

By Bill Hall in Zurich and Norma Cohen in London

Mr Paul Volcker, former chairman of the US federal reserve, has ordered an immediate investigation into the document shredding policies

of Swiss banks following the news that Union Bank of Switzerland, the country's most powerful bank, had disobeyed a government decree banning the destruction of historical records.

Mr Volcker heads a committee of Swiss bankers and representatives of Jewish groups searching for dormant accounts at Swiss banks of victims of Nazi persecution. UBS has apologised for the

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NEWS: EUROPE

Rivals eye goal of Strasbourg football club

By Jimmy Burns in London and Andrew Jack in Paris

Rival consortia involving the International Management Group of sports entrepreneur Mr Mark McCormack and Saatchi & Saatchi, the UK-based advertising agency, are bidding to take control of the French football club Strasbourg.

The two groups, together with a third led by Mr Roland Weller, the president of the club, have each been approved as candidates for the purchase of the 49 per cent of the shares which are currently held by the city authorities.

The bids for Strasbourg represent a significant "market" development for the traditionally highly-protected French football industry. French clubs have previously been run as non-profit-making companies with participation from local authorities.

Under a strategy plan mapped out recently by the local authorities, Strasbourg football club will take on a new corporate identity by the middle of this month, with majority shares held by entrepreneurs with the expectation that it may eventually be floated on the Paris stock exchange.

Mr Robert Herrmann, Strasbourg's deputy mayor for sport, yesterday confirmed the identity of the bidders and said a choice would be made among other factors on the assurance that the successful bidder would maintain a long-term presence for football in the area. He said the local club was financially healthy, with more than FF300m (\$54m) in reserves and regular profits, and was run with "tight management" and a supervisory board.

However, he said the decision to sell the city's stake reflected a belief that "the taxpayer should no longer support football" and that French law should be modified so football clubs could turn into for-profit companies as in the UK. He said Strasbourg would remain owner of the stadium in which the football team plays.

The bidders have until the start of next week to provide written assurances to support questions they received during hearings last Tuesday by a five-person panel set up to judge the candidatures.

Mr Patrick Proisy, IMG's senior international vice president with responsibility for France, said last night: "Strasbourg is one of the

Europe's main administrative cities and deserves to have a club worthy of playing among the best in Europe's number one sport."

According to Strasbourg city officials, Saatchi & Saatchi forms part of a consortium which includes the club's former president, Mr Jean Wending.

Mr Alex Sandberg, spokesman for Cordiant, the marketing services group which owns Saatchi & Saatchi, confirmed that the advertising agency was considering an unprecedented involvement in the growing business of European football.

Kohl urges all-party effort for jobless

By Ralph Atkins in Bonn

Germany's Chancellor Helmut Kohl appealed yesterday for cross-party support for a package of measures to tackle the country's rising unemployment, which threatens next week to set another post-war record.

In an address to the Bundestag, the lower house of parliament, Mr Kohl predicted the upward unemployment trend would be reversed later this year. But even the expected average level for 1997 of 4.1m "can be acceptable to no-one".

Figures to be published next Thursday are widely expected to show headline unemployment for January above last February's record 4.27m, with the impact of a severe winter continuing to feed through. Seasonally adjusted figures are also expected to show a large jump to a new high.

In the same debate, Mr Theo Waigel, finance minister, offered to bring forward by one year recently unveiled plans for big tax cuts due to be implemented in 1999 - provided the rival Social Democratic party agreed to end its "blockade politics" in the opposition-dominated upper house of parliament, the Bundesrat.

Mr Kohl's comments came after fierce infighting within the ruling coalition in Bonn over the proposed tax and social security reforms. Mr Norbert Blum, labour minister and architect of planned changes to the state pension system, has hinted he might resign if he does not win his battle to finance some state benefits through a rise in value added tax.

In a speech interrupted frequently by opposition heckling, Mr Kohl said business, unions and politicians carried "the same responsibility for reducing unemployment" and reaffirmed a "common goal" of halving the total by 2000. Economic growth would not be enough. There had also to be structural reform.

Besides tax and pension reform, his prescription for job creation included:

- Encouraging unions and employers to include in pay deals measures to lower non-wage costs and help the long-term unemployed back into work.
- Less overtime and more part-time work. Germans worked 1.8bn hours' overtime last year. The proportion of women part-time workers was half as high as in the Netherlands. For men, the proportion was only a quarter, Mr Kohl said.
- Promoting "a self-reliance culture" - including plans to help businesses seeking to raise capital via stockmarket listings.
- Encouraging research and development, particularly in fast-growing industries such as bio-technology.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibbelingplatz 3, 40118 Frankfurt am Main, Germany. Telephone +49 69 150 530. Fax +49 69 150 540. Represented in Frankfurt by J. Walter Brand, Wilhelmstr. 10, 60331 Frankfurt am Main. C. Müller, Deputy Chairman, Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany) Advertising Ltd, London. Shareholders of the above mentioned two companies are The Financial Times Limited, Number One Southbank Bridge, London SE1 9HL, GERMANY.
Responsible for Advertising content: Colin A. Kennedy, Printer: Hiltner International Verlagsgesellschaft mbH, Adm.-Rosenstr. 33, 63303 Neu Isenburg, ISSN 0147 7333. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southbank Bridge, London SE1 9HL, FRANCE.
Publishing Director: P. Marquardt, 42 Rue La Boétie, 75008 PARIS. Telephone 011 576 8334. Fax 011 576 8335. Printer: S.A. Nord Editeur, 1521 Rue de Caen, F-91000 Rodanville Cedex 1, Editor: Richard Lambert, ISSN 1146-2753 Commission Fautelle No 67888D.
SWEDEN
Responsible Publisher: Hugh Carney 468 610 0088. Printer: AB Kvalitetstryckeriet, Expressen, PO Box 6007, S-200 06, Stockholm.
© The Financial Times Limited 1997.
Editor: Richard Lambert
c/o The Financial Times Limited, Number One Southbank Bridge, London SE1 9HL, R.

Commission to delay hours ruling

By Robert Corzine in London and Caroline Southey in Brussels

The European Commission is set to delay publishing details on extending the 48-hour week to 9m workers until after the British general election, to avoid a fresh row between London and Brussels over the sensitive issue of EU social policy.

Confirmation of the delay comes as EU industry steps up its campaign against the directive being extended to most workers in sectors now excluded, such as in transport and the offshore oil industry.

EU officials confirmed the Commission would not meet its March deadline for tabling proposals on extending the 48-hour week directive to eight new sectors. EU diplomats believe the delay is deliberate, as the Commission does not want to act during a British election.

Commission officials stressed that no decision had been made to delay the publication date but that it was increasingly likely because of deep divisions within the commission. The issue of which workers should be included in the new directive has pitted officials in the social services department against those representing the transport and oil sectors as well as small businesses.

The working time directive obliges EU members to introduce laws giving workers mandatory rest breaks, a minimum daily rest period of 11 hours, at least one day off a week, no more than eight hours a shift on average for night work and four weeks' annual paid holiday.

EU transport and offshore oil industries are strongly opposed to Commission plans, pointing out that working patterns in these sectors do not fit the standard 9am-to-5pm working day.

The UK's multi-billion-pound offshore industry has argued it would be one of the worst hit if most of its workers were brought under the new law. It would require radical changes to offshore manning levels that could cost the industry £50m-£100m (\$80m-\$160m) a year.

Such changes would also raise safety issues, as North Sea platforms would have to be modified to house additional workers. It would also mean many more helicopter flights, statistically the most dangerous part of offshore operations.

French transport companies have also lodged complaints, fearful that a new directive would undermine a deal on working time with hauliers that ended a bitter strike last year.

Brussels to clarify stance on deficits

By Lionel Barber in Brussels

The European Commission will publish guidelines on Monday attempting to clarify when governments can use creative accounting to reduce their public deficits in order to qualify for economic and monetary union.

Statisticians from the 15 EU member states were finalising a draft of the report at a meeting in Luxembourg yesterday.

Their recommendations will be passed to Eurostat, the agency which handles statistics for the European Commission.

National statisticians are said to be unhappy about political pressures to influence their conclusions. Commission officials stressed again yesterday that Eurostat is an independent professional body whose work conforms with internationally accepted accounting procedures.

Last year, a row erupted over Eurostat's favourable verdict on a one-off, anomalous FF37.5bn (\$6.75bn) payment from France Telecom to the government covering pensions liabilities amounting to 0.5 per cent of gross domestic product.

Next week's report is understood to cover at least six separate issues which could apply to any individual

country. These include privatisation of state holding companies, zero coupon bonds, private sector financing of public sector infrastructure and treasury operations such as gold sales.

Last year, Belgium sold a large portion of its gold reserves, raising an estimated Bfr31bn (\$2.4bn) or around 1 per cent of GDP. The money was transferred to the government and used to pay off foreign currency debt. Though this debt-reducing operation is widely viewed as legitimate, some analysts fear it could be used by others to cut deficits.

The Italian government has proposed several changes to the treatment of the debt of state-owned companies such as the national railways. It also seeks approval for the treatment of a one-off surcharge on income tax bills known as the Euro-Tax, which is expected to raise about 0.5 per cent of GDP.

Financial markets will scrutinise the Commission report to see if the argument over creative accounting is moving in favour of more leniency. A restrictive interpretation would damp what many believe is excessive confidence in a "broad Euro" embracing the southern countries.

Russia's Jewish émigrés seek to invest in their homeland

Mr Natan Sharansky, the former Soviet political prisoner, returned to Moscow this week at the head of an Israeli trade delegation 11 years after leaving Russia in one of the last prisoner exchanges of the Cold War era.

It was an emotional visit. The former Soviet dissident, who achieved fame as a dogged human rights campaigner, clearly felt the warm tug of his homeland as he toured the shilling calls of Lefortovo prison, which he described as his "alma mater".

As Israel's trade and industry minister, Mr Sharansky brought with him 60 executives eager to explore a receptive new export market. Trade between the two countries has grown from next to nothing in Soviet times to \$500m a year.

Some of Russia's most successful home-grown capitalists also happen to be leading Jewish businessmen keen to develop closer ties with Israel. Mr Boris Berezovsky, who used to run the Logovaz car trading and media empire, is perhaps the most prominent - and controversial - among them.

In the future that surrounded his appointment as deputy head of the security council last year, it even emerged that Mr Berezovsky possessed an Israeli passport - which he has since renounced.

Mr Sharansky's trip was also designed to pave the way for a forthcoming visit by Mr Benjamin Netanyahu,



Sharansky: heading 60-strong trade delegation

Israel's prime minister, to strengthen the new partnership between the two countries and to lay to rest past animosities.

About 400,000 Jews, many of whom suffered discrimination and persecution, left the Soviet Union from the late 1970s. Many settled in Israel, many more moved on to the US forming large Russian-speaking communities in California and New York.

Some Jews who left Russia have been keen to break free from their past. But others, such as Mr Sharansky, have retained a residual interest

in their homeland and are employing their talents and money to contribute to its revival.

Mr Vitaly Kozlov, a Russian émigré who runs Columbus Partners, a Los Angeles-based fund management group, is looking to raise \$10m to invest in developing markets, including Russia.

And he is targeting a pool of 80,000 Russian émigrés who live in the Los Angeles area and another 1m who live around New York. Mr Kozlov says many recent Russian émigrés have

worked successfully in the US for 20 years as lawyers, doctors or engineers and have amassed funds which they would like to invest abroad.

Mr Kozlov's idea is to invest in high-yielding short-term government securities in Russia and in its biggest corporations, although he stresses his fund is driven more by the head than the heart.

"We are not necessarily investing in Russia out of sentimental reasons. It is because it is the number one investment market in the world right now," he says.

Some Russians draw parallels with the wave of Chinese émigrés who fled their homeland soon after the Communist takeover of power and subsequently built business empires throughout south-east Asia. However much they may still loathe the Communist party, these émigré Chinese are re-investing in their homeland on a large scale.

Mr Alex Knaster, co-head of Credit Suisse's Moscow office, doubts such recent Russian émigrés have anything like as much money to invest in Russia even if they had the inclination.

"The people left Russia with nothing. A lot of those who return come with new skills and talent but not with much money," says Mr Knaster, who emigrated from Moscow in 1976 with his parents but has come back to Moscow to run an investment bank.

John Thornhill

Albanian crisis sees currency fall sharply

By Kevin Dona and Kerin Hope in Tirana

The value of the Albanian currency, the lek, fell sharply yesterday, as the country's mounting financial and political crisis hit the small but active foreign exchange market operated by dealers in the streets outside the central bank.

The lek, previously one of the most stable currencies in the emerging markets of east Europe, has fallen by 12 per cent against the US dollar in the past two weeks.

The decline is being driven by fears about rising inflation coupled with growing doubts about the ability of President Sali Berisha's government to stem the recent wave of social unrest triggered by the collapse of a string of pyramid finance schemes.

Following an emergency meeting of the Albanian cabinet a new law was announced yesterday to set up the procedures for distributing around \$300m to more than 200,000 savers in two pyramid schemes, Xhaferri and Populli, which the government has declared to be fraudulent.

The pay-out of funds from these two schemes, which the government managed to freeze in their deposit accounts in state-owned banks, is due to begin next Wednesday.

Dealers said the value of the Albanian currency plunged to 125 leks to the US dollar yesterday from 119 leks the day before and from 110 leks two weeks ago. The currency fell as low as 132 leks during trading but recovered later in the day following intervention by the central bank, which was believed by traders to have sold around \$2m to slow the fall. The Bank of Albania's foreign currency reserves totalled around \$280m at the beginning of this year.

In the absence of a developed banking system, currency trading in Albania is still largely carried out in an informal street market, although the central bank hopes to take measures later this year to formalise these activities.

"The collapse of politics is leading to a collapse of the economy," said Mr Fatmir Gjylaj, a currency dealer. Dealers believe that foreign investors will be frightened away from Albania because of mounting political instability.

Perched precariously, Page 9

INTERNATIONAL NEWS DIGEST

NatWest gives up Serbia role

NatWest Markets, the investment banking arm of National Westminster Bank, has abandoned its efforts to help Serbia renegotiate its debts to commercial banks.

NatWest's role as adviser to President Slobodan Milosevic's government has been controversial because of the presence on its board of Mr Douglas Hurd, the former British foreign secretary, and Dame Pauline Neville-Jones, the UK delegate at the Dayton peace talks.

NatWest said it had taken on an advisory role at a time when Mr Milosevic was committed to an economic programme built on liberalisation and privatisation. "Obviously recent actions show a move away from that commitment. As a result, we have indicated to the government that it is not possible to progress the work on a debt settlement," a NatWest executive said.

Debt negotiations have been complicated by disputes over how much of the debt of the former Yugoslavia should be borne by each of its now divided republics.

Guy Dimmore, Belgrade, and George Graham, London

North Korea rejects meeting

North Korea yesterday said it would not attend a briefing with the US and South Korea on proposed peace talks until it had been guaranteed the supply of 500,000 tonnes of grain from the US to feed its starving population. North Korea had been scheduled to attend the briefing next week in New York, which would have been its first official contact with South Korea in more than two years.

But negotiations with Cargill, the US agricultural trading company, on better terms for the grain shipment broke down last week. North Korea suggested that it had earlier agreed to attend the briefing in return for the grain supplies.

Meanwhile, Mr Lee Soo-sung, South Korean prime minister, yesterday indicated Seoul might withhold financing of a \$5bn nuclear reactor project for North Korea unless Taiwan dropped its proposal to ship low-grade nuclear waste to the North. John Burton, Seoul

French probe Jewish property

Three provincial French cities are considering setting up commissions to examine if they still control property confiscated from Jewish owners during the second world war. The mayors of Strasbourg, Toulouse and Lyons have agreed to consider proposals made in early November last year by the Simon Wiesenthal Centre, which acted after revelations that such property was controlled by the city of Paris.

Aix-en-Provence, Marseilles and Bordeaux - where Mr Alain Juppé, the prime minister, is also mayor - have not responded, and nor has Paris. Bordeaux' lack of a response seems strange since Mr Juppé last Saturday announced plans for a commission to consider the question of Jewish assets seized during the war under the Vichy regime.

Andrew Jack in Paris

HK exchange chief quits

Mr Herbert Hui, deputy chief executive of the Hong Kong stock exchange, is stepping down after eight years to return to the private sector. His resignation, which takes effect from the end of April, is the second top-level departure at the exchange. Mr Paul Chow, chief executive, left yesterday after saying he would quit last July.

The departures come at a politically sensitive time, as Hong Kong prepares to revert to Chinese sovereignty in July. The handover has stimulated a flurry of corporate activity, both share ownership restructurings and fund raising exercises designed to capitalise on an expected surge of liquidity from the mainland.

Mr Hui and Mr Chow had clashed in the past, and a number of industry figures predicted Mr Hui would quit when he failed to secure the chief executive slot - which went instead to Mr Alec Tsui, also a deputy chief executive.

Louise Lucas, Hong Kong

Spain's single currency boost

Spain's hopes of meeting the conditions for the European single currency were bolstered yesterday by official figures showing the central government's budget deficit came within the target figure last year. The deficit, calculated on the terms used for the Maastricht monetary union criteria, fell from a revised 5.4 per cent of gross domestic product in 1995 to 3.3 per cent. This was below the 3.5 per cent government objective for the year.

The centre-right administration wants this figure down to 2.5 per cent this year in the hope of keeping the overall public sector deficit, including regional governments and social security, at 3 per cent, the qualification level for joining the euro.

David White, Madrid

Belgian minister retires

Mr Philippe Maystadt, Belgium's long-serving finance minister, is to give up his post in 1999, the launch date for economic and monetary union, he announced yesterday. His departure is planned to coincide with Belgium's bid to be among the founder members of Ecu.

Lionel Barber, Brussels

Drug dealer gets 11 life terms

A US judge yesterday sentenced drug trafficker Mr Juan Garcia Abrego to life in prison without parole and ordered him to pay close to half a billion dollars in fines and forfeitures. Mr Garcia Abrego received a total of 11 life sentences and nine 20-year sentences, all to be served concurrently. He was convicted in October on charges of drug-trafficking, money laundering and bribery by a Houston federal jury. In addition, US District Judge Ewing Werlein fined him \$125m (\$79m) and ordered him to forfeit \$350m in illicit proceeds. However, his assets, mostly in Mexico, may prove difficult to recover.

Before his capture in January 1996 in the northern Mexican city of Monterrey, Mr Garcia Abrego was one of the world's biggest drug traffickers and had been placed on the FBI's 10 Most Wanted list. His Gulf cartel shipped billions of dollars of cocaine and marijuana to the US, from the 1970s, drug agents said.

Reuters, Houston

ECONOMIC WATCH

Unemployment falls in France

French unemployment edged down in December, providing another small measure of encouragement to the hard-pressed government of Mr Alain Juppé, the prime minister, after a week that has brought a fall in interest rates and signs of mounting business confidence.

Figures released yesterday by the labour ministry put the jobless total at 3.09m, a fall of 29,000 or 0.9 per cent, more than cancelling out November's 0.7 per cent increase. The unemployment rate remained around 12.7 per cent - a post-war record, and a full percentage point higher than a year ago. Analysts said the overall trend in unemployment was still upwards.

Yesterday's figures came from Gilles de Robien, president of the centre-right UDF, the junior partner in France's ruling coalition, made a strongly worded call for what he termed the "battle for jobs" to be stepped up. He urged "technocrats" to start concentrating less on stock market quotations and more on the unemployment rate. Mr de Robien last year introduced a law providing tax exemptions for companies shifting employees to part-time working. The government is considering reducing this scope because it has proved so popular that it could become financially insupportable.

David Owen, Paris

NEWS: INTERNATIONAL

Energy Department accused of failing to meet its obligations on storage US nuclear waste dispute intensifies

By Bruce Clark
in Washington

The US nuclear industry yesterday stepped up its legal moves to force the Energy Department to take responsibility for nuclear waste after a week of attacks on the department from politicians of left and right.

More than 30 utilities and dozens of state agencies backed a legal move which seeks to have the Energy Department declared in breach of contract for failing to meet its obligations to store nuclear waste.

The court of appeals has already reaffirmed the Energy Department's duty to accept nearly 30,000 tons of

nuclear waste - now kept in underwater storage pools which are almost full - from January 1983.

The department has indicated it will not have the capacity to do this, and it has also warned that a long-mooted underground storage site in Nevada, for the country's entire stock of nuclear waste, will not be built until 2010 at the earliest.

Yesterday's move will intensify the political pressure put on the administration to soften its opposition to the idea of a temporary storage site, also in Nevada, which has won strong support in Congress.

The department's

The department's record on nuclear waste is only one of a string of controversies

obligation stems from a 1982 law which also requires nuclear utilities to charge their customers an extra fraction of a cent per kilowatt-hour and pass the proceeds to a nuclear waste fund managed by the department.

Yesterday's legal move would aim to stop further payments into the fund,

which has already gathered about \$12bn, and put the money into an escrow account instead.

The department's record in the management of nuclear waste is only one of a string of controversies that Mr Federico Peña, the new energy secretary designate, will have to tackle if his appointment is confirmed.

At a nomination hearing this week, Senator Frank Murkowski, the energy committee chairman, commented caustically on Mr Peña's lack of expertise in the field but promised that Congress was willing to give him a chance.

"A little ignorance is not necessarily a bad thing,"

said Mr Murkowski, an Alaska Republican. "It's been said that when you don't have an education, you are forced to use your brain," he told Mr Peña, a former transport secretary and the senior Hispanic member of the Clinton team.

Questioned closely about the idea of a long-term waste storage site in Nevada, Mr Peña told the committee that feasibility studies were continuing but he could see no "show-stoppers" to prevent the project going ahead.

Senator John Glenn, an Ohio Democrat, this week released a list of \$500m worth of property which he said had been lost by the

Energy Department over the past decade.

Apart from managing nuclear materials, both civil and military, in the US, the department has been heavily involved in trying to tackle the far more serious problem of nuclear waste in the former Soviet Union. However several prominent Republicans have questioned the need for the department to exist.

The Nuclear Energy Institute, which speaks for nuclear utilities but is not involved in yesterday's court action, said the legal move was "understandable," given that "the government has failed on all counts to meet its obligations."

Vietnamese to be executed for corruption

By Jeremy Grant in Hanoi

Vietnam's biggest corruption case yielded its first victims yesterday when a court in Ho Chi Minh City sentenced four people to death by firing squad, after hearing evidence in a trial that has mesmerised the country, implicated its largest bank and involves the loss of \$40m.

Bribery, shady business dealings and influence-peddling were among the charges faced by the 20 defendants in the trial, which is being seen as a showcase for the ruling Communist party's drive against graft.

The four to be executed included Mr Pham Huy Phuoc, former head of a Communist party business unit called Tamexco, was found guilty of embezzling bank loans. The court heard that he had bought his millions in a \$200,000 villa in Ho Chi Minh City and gambled away company cars.

The 16 other accused were sent to prison, many for life. Among them was the former head of Vietcombank, the country's largest state-owned bank, and a former chairman of FirstVina, a joint venture bank involving South Korea's Daewoo Group.

Last night, Vietnamese television showed the four condemned men, dressed in sandals and blue pyjamas, being handcuffed and led to police vans. Hundreds of onlookers crowded a car park in front of the French colonial courthouse, listening to the verdict being read out on speakers.

Rapid economic growth has made millionaires of some Vietnamese businessmen, often exploiting loopholes in rudimentary laws and milking political connections for personal gain.

That has alarmed the Communist leadership, which appears determined to root out graft, which threatens to erode its legitimacy

and deter foreign investment.

Last week, the 18-member politburo issued new ethical guidelines for Communist party members. They included a clause demanding that all government officials disclose their assets. Any state or military official found guilty of defrauding \$27,000 or more would be executed or jailed for life.

However, some say that passing tougher laws misses the point. Curbing corruption will only be achieved by radically reforming Vietnam's corporate economic structure, they say. This is dominated by hundreds of state-owned companies with good party connections and virtually no financial accountability, in an environment where patronage is rife.

One party member urged the leadership to clarify the ownership of state companies if it wanted to stop unscrupulous officials embezzling company assets. "Sentencing Phuoc to death and imprisoning many other directors is not going to reform the system... What's needed is rebuilding the mechanics of authority from top to bottom. If in 1997 there is no answer to this question, Vietnam can not go forward."

Vietnamese President Le Duc Anh made a surprise appearance on Vietnamese television yesterday, his first public appearance since suffering a suspected stroke in November.

Diplomats had written Mr Anh off after his stroke but his reappearance indicates that he may be able to return to work after all.

Mr Anh, 76, looked alert as he chatted with other members of the Communist leadership in footage taken at his house yesterday. He was thought to have been recovering in hospital but the only sign of his stroke was a slight speech impediment and loss of the use of his left arm.

South Korea asks banks to provide \$1.2bn to save steel mill

By John Burton in Seoul

The South Korean government is to ask banks to lend another Won1,000bn (\$1.2bn) to complete the construction of a giant steel mill that led to the collapse of the Hanbo group.

The Won6,000bn mill, which will produce at least 6m tonnes of steel, will be sold or nationalised once it is completed by the end of the year. This will enable banks and other financial institutions to recover some of their Won5,000bn loans to Hanbo, which filed for bankruptcy this week.

Officials said the action was necessary to stabilise the economy, although the

steel mill is regarded by some as a "white elephant" industrial project that will contribute to a production glut amid sluggish demand for steel.

Mr Kim Young-sam, the South Korean president, said the collapse of Hanbo underscored the need for the reform of the banking sector. The government has blamed corrupt bank officials for excessive lending to the financially shaky Hanbo group, while the opposition claims that Mr Kim's administration pressed the banks to make loans in return for political donations from Hanbo.

The government is likely to accelerate plans for bank



President Kim Young Sam, second left, and officials pay respects to the flag before discussing the Hanbo collapse

mergers as one means of solving long loan problems among Hanbo's main creditor banks, which include Korea First Bank, Cho Hung Bank and Korea Exchange Bank.

Mr Chung Tai-soo, the Hanbo owner, was arrested yesterday for the third time in the past six years and charged with embezzlement

and fraud. He had earlier been convicted of corruption in 1991 and 1996, but received suspended jail terms.

Prosecutors continued to search Hanbo offices for evidence of bribes to bank officials and politicians, although there were suspicions that Hanbo officials had destroyed financial

records over the past week.

The official probe of Hanbo has been dogged by political controversy over the impartiality of the investigation. The opposition parties believe that the government is forcing prosecutors to concentrate their case on bank executives and avoid implicating ruling party politicians ahead of a presiden-

tial election in December.

A planned bipartisan parliamentary investigation of the Hanbo affair has been delayed by a dispute between government and opposition MPs over its procedures. The government has rejected an opposition demand for the appointment of an independent prosecutor.

NEWS: DAVOS SUMMIT

Basis of rapprochement between the countries 'still fragile', says professor

US military stance in Asia irks China

China yesterday expressed concern about recent US moves to strengthen its military arrangements with Japan and other leading allies in Asia and said the policy was creating uncertainties about security in the region.

The warning was conveyed by Professor Yuan Ming, director of International Relations at Beijing University.

She also attacked the US over its role in the Korean and Vietnam wars and

claimed China had no responsibility for provoking last year's crisis over Taiwan.

Professor Yuan Ming, an internationally-recognised authority on US China relations, who has held aca-

demic posts in the US and Britain, emphasised that her remarks reflected official attitudes in Beijing and did not necessarily correspond with her own views.

She said China understood recent efforts to improve relations between the US and Beijing, including the agreement by President Bill Clinton and President Jiang Zemin to exchange state visits, she said the basis of their rapprochement was "still fragile".

She hoped it would pro-

duce closer co-operation, but said there was still a risk that US-China relations would be torn by conflicts over trade and human rights and might even deteriorate into the "horror scenario of a clash of civilisations".

Congressman Douglas Bereuter, Republican chairman of the House of Representatives' sub-committee on Asia Pacific affairs, emphasised that the US was firmly committed to maintaining a sizeable military presence in Asia.

Far from seeking to reduce its 100,000 troops in the region, the incoming Congress would press the Clinton administration to maintain that level.

Meanwhile, ministers from several east Asian countries expressed confidence yesterday that last year's slowdown in their economic growth rate was temporary, and that the region was set this year to resume a high rate of sustained expansion.

Guy de Jonquieres

Cybermoney gains currency, past and future

The future of cybermoney, it seems from Davos, is up for grabs: that is, if anyone can define it.

According to some speakers here, it has been around for a quarter-century without anyone noticing. Others say it is the wave of the future and spells the doom of the commercial banking system.

Mr Ed Jensen, president and chief executive officer of the credit card group Visa International, said his company had operated a global electronic network since its foundation 25 years ago.

So-called e-money, he said, was already around in the form of credit cards and ATMs. Beyond that, it was scarcely needed. "Would you save e-money?" he asked. "Would you have e-money denominated investments? From the point of view of consumers, what's wrong with existing currencies? E-money will be used for small payments, like cash is now. It's very unlikely it will go direct from wallet to wallet."

Others were less sure. Mr Howard Davies, deputy governor of the Bank of England. It was quite possible, he thought, that networks could be set up allowing individuals to pass money direct to one another electronically. And while some other European central banks, such as the Bundesbank, believed such operations should be regulated as banks, this might prove difficult in practice.

Mr Donald Tapscott, author and cyber-expert, said research indicated electronic commerce in the US could total \$255bn by 2000. Some 20 per cent of US families would be doing transactions electronically: and being typically wealthier, they would represent 30 per cent of business.

"This risks a death spiral for the banks," he said. Other organisations could cherry-pick those wealthier families, leaving banks with a dwindling business and an enormous cost base. His conclusion: "Most banks won't survive the transition."

Tony Jackson

US labour chief's backlash warning

Mr John Sweeney, US union leader, warned corporate executives yesterday that the chase after profits at the expense of worker salaries and social protection would bring a destructive worldwide backlash. Reuter reports from Davos.

Experience in the US had shown that companies "downsizing" their workforce and slashing benefits ended up in worse shape than they had started, he said.

Debate at the annual meeting of business and political leaders "seemed based on assumption of contradiction between competitiveness and measures that made

working families secure, such as good wages, health care and strong unions."

"This assumption may be the fastest growing export of what is called the US model," said Mr Sweeney, president of the AFL-CIO labour grouping. "But I am here to warn you. With all due respect, it is a highly costly, very toxic export, dangerous to the health and welfare of working people across the world."

Examples were strife over Korea's new labour law, popular support for French public service workers resisting spending cuts, and Argentina's recent general strike.

Supplies of energy safe for 50 years

The next energy crisis is unlikely to occur within 50 years, a senior British businessman said yesterday.

Mr John Baker, chairman of National Power, Britain's biggest electricity producer, said the problems of finding fresh energy resources were unlikely to become an issue until 2050.

Mr Baker, speaking at a seminar sponsored by Price Waterhouse, said concerns about the security of energy supplies, which had been common in the 1970s and 1980s, were a thing of the past.

The world had never felt more relaxed about the security of energy supplies and this was having a big impact on the structure of the power industry.

Fears of energy shortages had been a driving force in shaping the industry in the past. However, these concerns had receded. Governments no longer felt the need to own the electricity industry for example, and this was encouraging more and more of the industry to be privatised.

Another factor reshaping the British electricity industry in particular was the switch to gas as a fuel. From

nowhere six years ago gas was likely to provide more than half of the fuel for electricity production by 2010.

Apart from plentiful supplies of gas, big improvements in gas turbine technology combined with the increasing efficiency of very small power stations was leading to a dramatic change in the structure of Britain's electricity industry. At the same time the use of coal in UK power generation, which had been running at 100m tonnes a year, would drop to 10m-20m tonnes by 2010.

Mr Baker, whose company is Britain's biggest operator of renewable energy, does not expect this sector to challenge fossil fuels over the next 50 years. At present 2 per cent of energy came from new renewable resources such as wind and sun. The percentage could rise to between 6 and 8 per cent by 2050, said Mr Baker. This would still be a very small percentage given that 10 per cent of the world's energy is currently provided by "old" renewable energy sources such as wood and animal dung.

William Hall

Russia expects economic growth of 5-6% by 2000

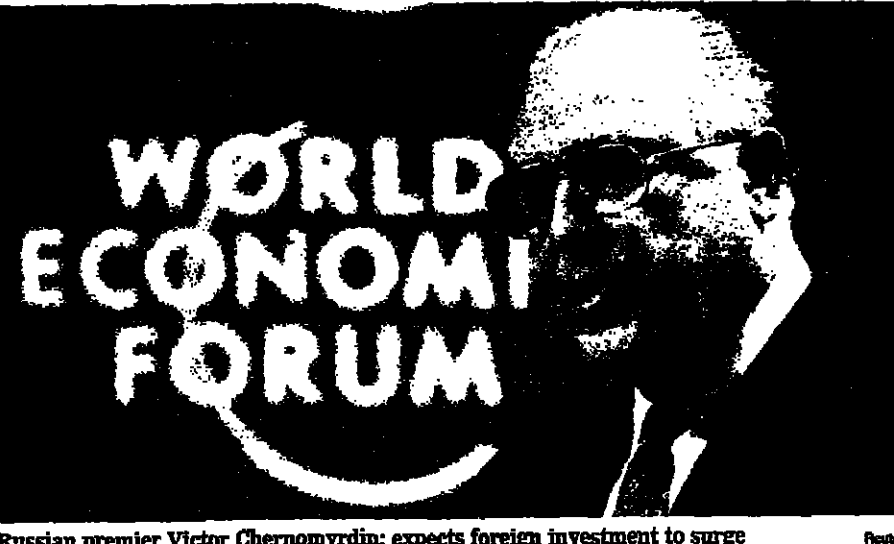
The Russian economy should be capable of 5-6 per cent growth by the year 2000, Russia's economic minister, Mr Yevgeny Yasin, said in Davos yesterday. However, this depended crucially on a number of reforms, without which Russia was threatened by long-term recession.

Mr Yasin said government spending must be cut from its level of 39 per cent of GDP last year. "A government with a healthy economy can afford that," he said. "One in a state of crisis like ours must stick to a range of 25-30 per cent."

He said cuts would come in social spending, with housing subsidies from local authorities to be phased out by the year 2000. There would also be further cuts in defence spending, and increased restructuring of natural monopolies.

He said: "Our analysis has shown that if, over the next two to three years, we can implement these reforms, that will allow us to reduce the tax burden. That will in turn allow interest rates to be no more than 5-7 per cent above inflation." He said he hoped inflation would also fall to 5-7 per cent by 2000.

Mr Alexander Shokhin, first deputy chairman of the Russian Duma, the parlia-



Russian premier Victor Chernomyrdin: expects foreign investment to surge

ment, said the main precondition for an economic boom by 2000 was not enacting new laws, but enforcing existing ones. Arbitration courts took many months to reach decisions, he said. "A system is emerging which bypasses both the courts and their decisions. In the west, they call it the Mafia."

Western businessmen in the audience criticised uncertainties in Russia's tax system, which made it impossible to evaluate investments on a medium-term basis.

Mr Shokhin said it might

be possible to cut profits tax on corporations by up to two thirds for those which adopted international accounting standards. But disagreements in the Duma on tax reform might make it necessary to introduce a temporary tax which would be easier to collect.

Responding to questions on discrimination against foreign investment, he said the Duma would shortly discuss drawing up an exhaustive list of sectors barred to foreign investors. He claimed the list was largely based on US practice, and

was designed to assist foreign investment.

Mr Dmitri Vasiliev, chairman of the federal commission for the securities market, said the strength of the Russian stock market, which has doubled in the past year, should be sustainable.

He said a survey of 200 fund managers specialising in emerging markets had shown confidence in Russia rising sharply, with 66 per cent of UK fund managers prepared to invest, against 30 per cent a year earlier.

Tony Jackson

NEWS: UK

The recent strength of the pound appears to have subsided, to the relief of exporters

Sterling slides as rate rise is ruled out

By Graham Bowley, Economics Staff

The pound fell sharply yesterday as more traders ruled out another rise in interest rates before the general election.

Interest rates are expected to stay unchanged next week after Mr Kenneth Clarke, the chancellor, sees Mr Eddie George, governor of the Bank of England, the UK central bank, for their regu-

lar monthly meeting to set monetary policy.

Sterling fell a further 2.2 pence against the D-Mark to DM2.8244, down at the end of the second consecutive week in a row of volatile trading. The pound has now dropped about 9 pence from its peak of DM2.7133 on January 23.

Against the dollar, the pound fell 1.5 cents to \$1.6025. It is now more than 10 cents below its late

December peak of \$1.7113.

The pound's further decline suggests sterling's recent strength may be over and could bring relief to UK exporters who have been complaining that the currency's sharp rise in the second half of last year had hit exports.

At the turn of the year, the pound rose to levels not seen since its 1992 election from the European exchange rate mechanism, as speculation

mounted that strong economic growth would force a sharp interest rate rise.

But a run of weak economic data this year has enabled Mr Clarke to leave rates at 6 per cent, arguing that the pound's rise was enough to stem inflation.

Mr George is again expected to repeat his calls for higher rates when he meets Mr Clarke. At their December meeting, Mr George said strong growth in consumer

spending and rapid expansion of the money supply meant rates should rise by a half point in the first few months of this year, the Bank's minutes showed this week.

However, Mr Clarke believes the economy can grow for some months yet before inflationary pressures build and point to a rate rise.

Mr Gordon Brown, of the opposition Labour party and the shadow chancellor, said

yesterday that the present pattern of economic growth was unbalanced. "There is now a growing unease that in the present cycle we are in danger of repeating the pattern seen in previous recoveries - that we have, essentially, an unbalanced recovery," he said.

On a trade-weighted basis, the pound slipped from 95.2 to 94.4. It had dropped to a low of DM2.8144 more than 3 pence down on the day.

Election jitters take the edge off gilts

Political uncertainty has forced government to offer a higher rate of interest on bonds

Worries over the timing and outcome of the UK general election are behind a reluctance to buy gilts - gilt-edged or government-backed securities - forcing the government to offer a higher rate of interest to attract investors, City of London economists are claiming.

A number of concerns has unsettled the market, according to analysts. Among them are fear of government by the main opposition Labour party; the possibility of a hung parliament, in which no party has an absolute voting majority; fears that government policy is not bearing down on inflation; and political relations with the European Union.

The market has accepted the possibility the UK will not be in the first wave of European monetary union, and short-term worries over

inflation have evaporated, leaving politics as the "unambiguous" reason behind gilts' performance, according to Mr Julian Jessop, an economist at Nikko Europe bank in London.

Since the start of 1997, gilt prices have been flat, while other UK markets - equities, sterling and interest rate futures - have reacted strongly to declining expectations of an imminent rise in domestic interest rates.

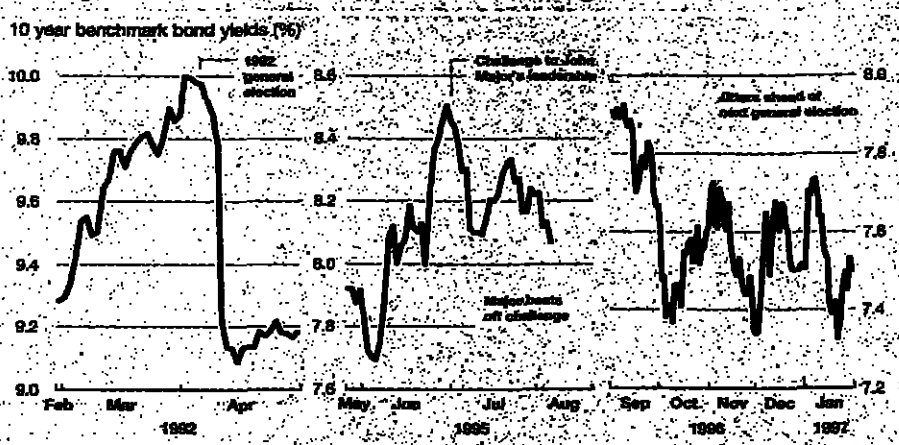
When January's policy meeting between Mr Kenneth Clarke, chief finance minister, and Mr Eddie George, governor of the Bank of England, the UK central bank, produced no base rate increase, many analysts expected gilt prices to benefit, as other markets had. Instead, gilts have been outperformed by both US and European bond markets. Political turmoil usually hurts gilt prices. Before the

last general election in 1992, when the market was also anticipating a Labour victory, the price of a 10-year benchmark gilt dipped to just above 98. After the Conservative victory prices rapidly rebounded to 101.

Most City analysts are predicting a rush to buy gilts after the election in the event of either Labour or the Conservatives winning a clear majority.

"Unless there's a hung parliament, gilts will sharply rally after the election," Mr Jessop said. "At the moment there is added uncertainty - [we] don't know when the election is going to be held." Mr Graham McDermott, bonds strategist at Paribas Capital Markets in London, said: "We've got a political situation that's quite unstable. They [the Conservatives, the ruling party] are trying to hang on by the skin of their teeth."

How pre-election tension unsettles the gilt market



Source: UK 10 year benchmark bond yield

Mr Jessop believed it was UK-based investors, rather than overseas buyers, who were holding back gilt prices. "There are some concerns over a Labour victory - but it's a domestic phenomenon rather than an overseas phenomenon."

For domestic buyers, there could be fears over increased tax under a Labour government on high-income earners, such as City managers. "People in the market see the market from a personal point of view, as well as institutional investors," Mr Jessop added. "Certain aspects of the City don't want Labour to win for per-

sonal reasons. That may be clouding their judgment."

Mr Philip Shaw, chief economist at Union Discount, reiterated the view that electoral uncertainty was "still a restraining factor", but said US inflation was also a concern.

Union Discount was expecting the difference in yield - the theoretical annual return assuming interest is reinvested - of gilts compared with German government bonds, or bunds, to fall from its current level of 1.9 percentage points to 1.0 by mid-1998 if Labour gains a stable majority. "It depends on how Labour

performs. If Labour is much tougher on inflation, then we might see the spread over bunds go much lower than that," Mr Shaw said.

Mr Don Smith, an economist at HSBC Markets in London, said overseas gilt buyers were more concerned about the UK's relations with Europe, especially over monetary union.

"From an overseas point of view, investors weigh up the UK market in the context of Europe. The perception is that Labour's closer to Europe, and that's a good thing [for the gilt market]."

Richard Adams

Cable shares fall on digital move

By Raymond Snoddy

Shares in cable companies fell yesterday when rival consortia submitted bids for the UK's digital terrestrial television licences, once regarded as an elegant but marginal technology in the world of multi-channel broadcasting.

Carlton Communications, British Sky Broadcasting and the Granada Group submitted a consortium bid for

"multiplexes", or blocks of digital frequencies.

The consortium, British Digital Broadcasting, is opposed by Digital Television Network, a company owned by International CableTel, the US cable and communications group which also owns NTL, the old transmitter and engineering arm of the Independent Broadcasting Authority.

Shares fell when it became clear that there were serious bidders for the DTT

licences. Nynex TeleComms, which is becoming part of Cable & Wireless Communications, lost more than 12 per cent of its value and fell 14½p to 99½p. Telewest fell 11p to 117p and General Cable dropped 13p to 176p. By contrast Carlton rose 39p to 558½p, Granada 19½p to 891 and BSkyB 8½p to 599p. BSkyB will launch 200 channels of digital satellite television this year and could now get an additional boost from its one-third ownership of BDB.

Minister scorns Scottish party's EU aspirations

By James Buxton in Edinburgh

An independent Scotland would not qualify for membership of European monetary union and for that reason alone would not be allowed to join the European Union, Mr Michael Forsyth, chief minister for Scotland in the British government, has claimed in an attack on the Scottish National party.

Mr Forsyth accused the SNP, which campaigns for an independent Scotland and separate Scottish membership of the EU, of wanting to surrender Scotland's sovereignty to Brussels. Scotland, which was an independent kingdom until the 17th century, is now part of the UK and is governed from Parliament at Westminster.

Mr Forsyth's attack is significant because the nationalists lead the Conservatives in Scottish opinion polls, and had 23 per cent support compared with the Conservatives' 19 per cent in an ICM poll last month. The next general election is expected to be held on May 1.

The SNP, which won only three seats of the 72 Scottish House of Commons seats in

the 1993 general election, hopes to win more from the Conservatives this year, notably the Galloway and Upper Nithsdale seat of Mr Iain Lang, the chief industry minister.

Mr Forsyth said SNP calculations of Scotland's fiscal position if it became independent were based on "creative accounting and sleight of hand". Scotland's budget deficit had in recent years ranged from two times to four times the ceiling of 3 per cent of gross domestic product required for EMU membership, and EMU membership was required of all new EU members.

"The only means by which the deficit could be narrowed is by increasing taxes or cutting public expenditure, but the SNP claim they would do neither," Mr Forsyth said.

Mr Forsyth, who is on the Eurosceptic wing of the Tory party, said there was growing apprehension in Europe about the extent of integration. "Nowhere, other than in [SNP leader] Mr Alex Salmond's overactive imagination, is Brussels seen as an agent for enhanced sovereignty," he said.

UK NEWS DIGEST

Government to cut 1,200 jobs

The Home Office, the government department that deals with domestic affairs, is set to cut 1,200 jobs because of the success of a new computer system designed to streamline immigration.

The government said that about 800 administrative posts will be cut during the 1998-1999 financial year, with a further 400 the following year. The job losses will not be restricted to immigration officers, but will be spread across the entire Home Office. Mr Martin Kelsey, secretary for the Home Office branch of the Civil and Public Services Association, the trade union, warned that the moves were "arbitrary and unjustified" and said staff would seriously consider taking industrial action as a result. The new computer system was commissioned last year from Siemens, the German group, under the government's private finance initiative, which seeks to bring private funding to public projects.

Mark Suzman

MALAYSIAN DAM

Company urged to abandon deal

Friends of the Earth, the environmentalist group, yesterday urged the Bucknall Group, believed to be the only British company so far to have won a contract for a slice of Malaysia's controversial Bakun Dam project, to pull out of the deal.

But the company, which yesterday declined to put a figure on the contract, said it saw no reason to "reconsider" its position. "Our role is entirely subsidiary to the major issues being highlighted by environmental groups," it said. Its joint venture's job was to "co-ordinate" the activities of consultants and contractors involved in preparing the site and resettling the estimated 10,000 people who will have to be moved to make way for the dam.

The leading western contractor for the dam project is ABB, the Swiss-Swedish group which has been asked to pull out of the contract by a group of 100 environmental pressure groups.

Leyla Boulton

NORTHERN IRELAND

'Bloody Sunday' factories dispute

Factories in Londonderry in Northern Ireland were briefly disrupted yesterday as Protestants refused to work alongside Roman Catholic employees who were wearing black ribbons to commemorate Bloody Sunday, the day 26 years ago which 14 unarmed civil rights marchers were killed by British soldiers.

The headline pro-British Democratic Unionist party said five factories in the area faced interruptions to production as unions and management met to discuss the dispute. The incident is a measure of the community tension as this weekend the Derry area prepares to mark the 25th anniversary of Bloody Sunday.

John Murray Brown

EUROPEAN UNION

Lady Thatcher heartens sceptics

Baroness Thatcher, the former Conservative prime minister, yesterday gave her tacit support to a private members' bill which effectively calls for Britain to leave the European Union.

Making a rare appearance in the House of Lords, the unelected upper chamber of parliament, she listened as Tory Eurosceptics spoke in favour of the measure, which would repatriate power from Brussels to Westminster. Lord Pearson's bill would repeal crucial sections of the European Communities Act 1972, under which EU law was made superior to UK legislation. Although it stands no chance of becoming law, it proved to be a rallying point for Eurosceptic peers, and a further illustration of the increasingly anti-European mood throughout the Tory party.

George Parker

GENERAL ELECTION

Premier launches share plan

Mr John Major, the prime minister, yesterday launched a new attempt to put wider share ownership at the heart of the ruling Conservative party's general election manifesto. Reasserting his personal commitment to get more than 50 per cent of the employees of large companies buying shares in those companies by the end of the century, the prime minister announced that the Inland Revenue would be relaxing rules that operate in this area. At the second of his pre-election press conferences at Conservative central office, Mr Major said he would be changing the rules that govern Treasury-approved profit-sharing schemes to make them more attractive for employers to run.

James Blitz

TELECOMMUNICATIONS

BT charges praised in study

The prices British Telecommunications charges its competitors to use its network are among the lowest in the developed world, a study has shown.

BT released the results of the study, which it sponsored and which was carried out by Ovum, a London-based consultancy, to support its response to proposals by OfTel, the industry regulator, which would, for the first time, set a cap on the prices BT charges for interconnection.

The Ovum study shows that BT charges 0.78 pence (£1.13) per minute in the UK for interconnection compared with 1.31p for Ameritech in the US, 1.89p for Telstra in Australia and 3.37p for Telecom New Zealand. Alan Cane.

Book battle unlikely to be won

Court sees public figures defend 100-year old publishing deal

The High Court in London last week was the setting for an assortment of public figures - including Mr Tom Stoppard, the playwright - to fight what might be an unwinnable battle over a 100-year old publishing agreement.

They went to court to contest the Office of Fair Trading's attempt to have the net book agreement, which prevented booksellers from discounting the price of new books until its collapse last year, declared illegal.

Even if they win, it is highly unlikely that the agreement will come back into force. Although the court is empowered to decide that the agreement is still legally valid, as it did in 1962 when it dismissed a previous OFT attempt to outlaw the pact, it cannot force the book trade to reinstate it.

The net book agreement collapsed in September 1995 when several large UK publishers, and W.H. Smith,



Playwright Tom Stoppard (right) with leading London literary figure Auberon Waugh outside the High Court

Britain's largest book retailer, announced their withdrawal. Other publishers and retailers swiftly followed suit rather than risk losing market share to the discounters.

The OFT decided to launch a second legal assault on the grounds that as the book trade had abandoned the agreement, it was useless in practical terms and should formally be abolished.

However, the agreement

Liberal Democrats, the UK's main opposition party after Labour - Mr Stoppard, Mr Auberon Waugh, editor of the *Literary Review* magazine, and others to give evidence in the agreement's defence.

They told the court last week that if books were discounted, high quality books could become so expensive that the market for them would contract and fewer would be published.

The OFT has argued that the book market is now less vulnerable to discounting than in 1962 and wants the agreement to be declared void. The Calder lobby is anxious to maintain the agreement's legality in the hope that the book trade will eventually decide to reintroduce it.

The opposing factions finished giving evidence yesterday and await the court's decision, which is due by the end of February.

Alice Rawsthorn

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COMPANIES AND FINANCE

AMI to open retail malls in Japan

By Owen Robinson in Tokyo

American Malls International (AMI), the US developer of retail complexes, is moving into the Japanese market with plans to invest billions of dollars in building and operating a series of American-style shopping malls.

AMI's move is the latest sign of a continuing shake-out in Japan's hitherto heavily regulated retail industry. It aims to exploit growing consumer demand for discounting and western retailing techniques.

AMI's first project will be

to build the country's largest shopping centre, at an estimated cost of about ¥60bn (\$430m), said Mr Nick Woffington, AMI's representative in Japan.

The company, an affiliate of US developer Western Development, began studying the Japanese market three years ago. It is now nearing the end of negotiations to purchase about 500,000 sq m of land for a mall in the town of Morioka, about 35km from Tokyo.

Construction was budgeted at about ¥200m, Mr Woffington said. Infrastructure, including roads to the

complex, will require additional expenditure, he added.

The mall will be a combined entertainment and shopping complex, with at least 20 large stores, more than 200 specialty stores, an in-house theme park and cinema. The targeted market is the northern half of Tokyo and neighbouring cities.

AMI hopes to start building late next year and to complete the project by 2000.

Negotiations are also well advanced to build a similar large-scale mall in the port city of Kobe, which has attracted many big construction projects after the earth-

quake two years ago. The company plans six other large-scale malls over the next 10 years, with at least two more in the vicinity of greater Tokyo.

AMI's move follows the arrival in Japan of US retailers Gap, the clothing company, and Toys R Us, the discount toy retailer. Several American cinema developers have also successfully set up multiplex cinemas in secondary cities.

The Morioka and Kobe malls are AMI's first projects outside the US, where it owns and operates five large-scale malls. Two more are

under construction in the US, and the company plans to build a further 17 over the next 10 years.

Japan's large retailers have been hit by slumping sales in the past year, and face a sales tax rise in April from 3 per cent to 5 per cent.

AMI is not concerned. "Japanese consumers are great customers and spend a lot of money," Mr Woffington enthused. "They have a strong appetite for novelty, particularly American-style products and presentation, and we think our concept of a 'retail theme park' will work."

Elektrim to cut debt with placing

By Christopher Bobinski in Warsaw

Elektrim, a large Polish power and telecommunications producer, is to issue a 550m zloty (\$184m) seven-year convertible bond, the largest convertible bond issue from a Polish company to date.

The company has chosen Merrill Lynch International and the local Pekao banking group to place the bond both at home and abroad.

Two-thirds of the funds raised will go to reduce Elektrim's bank debts and cut financing costs. Mr Andrzej Skowronski, managing director, said yesterday.

The issue will also be used to finance future purchases of power stations in conjunction with local banks and foreign power operators.

Mr Skowronski said that, even though some time may elapse before the biggest power producers are put up for sale by the government, "the privatisation of the sector will come inevitably".

The bond issue will represent around one-fifth of the company's equity, should the bond holders decide to convert. It was approved yesterday by a shareholders meeting.

Mr Skowronski said: "We are not looking to see one investor taking up the issue but rather a number of those who want to become long-term owners of Elektrim stock."

Elektrim has been transformed over the past five years from a trading foreign trade company into a manufacturer of power and telecommunications equipment. It has guarded its independence jealously.

Under the terms of this issue, holders of bonds carrying a right to more than 5 per cent of Elektrim's stock will be obliged to report the fact to the company.

Elektrim reported a net profit of 49m zlotys last year. It is the lead shareholder, along with DT Mobile and US West, in Era GSM, one of the country's two GSM mobile telephone operators.

Elektrim is also leading a consortium bidding to build and operate a 360km stretch of toll motorway, from Poland's western frontier to Lodz, at a cost of about \$1.5bn. The government's highway agency will award the contract next week.

Elektrim has a market capitalisation of \$700m. It is trading on a price-to-earnings ratio of 55, compared with the Warsaw Stock Exchange's average of 16.4.

INTERNATIONAL NEWS DIGEST

Stronger sales lift Coca-Cola

Strong sales at home and overseas helped Coca-Cola, the US soft drink company, to an 18 per cent increase in net profits to \$762m in the fourth quarter. Earnings per share, boosted by the company's stock repurchase programme, rose 19 per cent to 31 cents, in line with analysts' forecasts.

In an upbeat statement, Mr Robert Goizueta, chairman and chief executive, said the company increased sales 8 per cent last year, by 1bn cases to 13.7bn cases. The increase, Mr Goizueta said, was greater than last year's sales in three of the company's top 10 markets combined: the UK, the Philippines and Argentina.

Fourth-quarter volume sales rose 11 per cent, while revenues rose 3 per cent to \$4.4bn. For the full year, revenues rose 3 per cent to \$13.5bn, and net profits 17 per cent to \$3.5bn. Earnings per share advanced 19 per cent to \$1.40.

Emerging markets saw large gains. In China volumes rose 40 per cent in the fourth quarter, and in east and central Europe volumes climbed 41 per cent. Coca-Cola also saw big increases in its domestic market, where fourth-quarter volumes rose 5 per cent. The company said that, among big brands, its Sprite lemonade was the fastest growing soft drink in the US last year.

Richard Tomkins, New York

Kvaerner wins \$1bn contract

Kvaerner, the Anglo-Norwegian engineering and construction group, yesterday said it had won a \$1bn order from Statoil for the largest gas production platform to be built in Norway. It said up to 1,000 workers would be employed on the Aasgard project off mid-Norway. It is due to be completed in 2000. "This is the biggest ever single order for Kvaerner's oil and gas division," according to Mr Tore Bergesen, executive vice-president at Kvaerner.

He declined to reveal what profit margin the company expected to make on the floating platform, which will have a daily export capacity of 35m cubic metres of gas and 54,000 barrels of light oil. It will also export 1,000 bpd of oil. The so-called Aasgard B platform, weighing 45,000 tonnes, will be used for production in the Sleipner West project in the North Sea.

Mr Bergesen said Kvaerner would receive staged payments from Statoil, the state-owned Norwegian petroleum group, during construction.

Tim Burt

Axa-UAP sells out of Scor

Axa-UAP, the recently merged French insurance group said yesterday it had sold its entire 7 per cent stake in Scor, the French reinsurer company, for FF780m (\$140.7m).

The action follows the sale by the group last week of 2.4 per cent of Paribas, the French banking group, bringing to nearly FF3.3bn the total asset sales in the past few days following the acquisition of UAP by Axa at the end of last month.

Scor last year opened its capital to a wide range of investors after the decision to wind down a shareholder pact between its principal investors, including AGF, the French insurer privatised last year. Recently Axa also sold a stake in Galerie Lafayette.

Andrew Jack, Paris

Porsche advances 25%

Porsche, the German sports car maker, continued to build on last year's strong growth, with first-half preliminary net profits climbing about 25 per cent to DM36m (\$22m). Sales climbed 20 per cent to about DM1.7bn in the six months to end-January, helped by strong demand for the group's classic 911 model.

Full-year earnings and sales were expected to be higher than last time, Mr Wendelin Wiedeking, chairman, said. In the year to July 1995, net profits totalled DM48m on sales of DM2.8bn.

First-half sales rose 25 per cent to 12,800 units, including 3,150 Boxsters, the two-seater cabriolet launched last year. The group said it would start producing the Boxster at a Finnish site owned by Valmet Automotive in order to meet strong worldwide demand.

It said it had reached full capacity at its Zuffenhausen plant in Germany and did not want to increase fixed costs. However, it added that its decision to produce the Boxster in Finland did not affect its commitment to its German site.

Sarah Althaus, Frankfurt

Record fourth quarter for SAP

By Sarah Althaus in Frankfurt

Shares in SAP, the fast-growing German software group, surged almost 11 per cent yesterday, after a record fourth quarter led to sharply higher-than-expected profits for 1996.

The shares, which had been under heavy pressure since the company issued a profits warning in October, closed DM24 up at DM246.

Many analysts had feared that the company, which is the world's fifth-largest software house, would not meet its revised target set in October of 30 per cent growth in profits, down from 40 per cent forecast early last year.

However, SAP said that "tempestuous" foreign growth in the fourth quarter had helped lift preliminary net profits 40 per cent from DM405m to DM567m (\$346m) for last year.

Sales climbed 38 per cent in the year, from DM2.7bn to DM3.7bn. This beat the group's forecast for a rise of just under 30 per cent. Earnings

per share rose from DM4 to DM5.48.

Mr Dietmar Hopp, chairman, said: "In the end we were bang on our original forecasts. The orders that we so badly missed in the third quarter could thankfully be booked in the fourth."

The fourth quarter produced the best quarterly results in the company's history. Pre-tax profits rose 58 per cent to DM457m and sales climbed 49 per cent to DM1.35bn.

Mr Hopp said: "The planned currency union and [preparations for] the turn of the century have increased interest among companies of all sizes in our products."

A stronger dollar and renewed marketing effort had also contributed to growth.

The SAP chairman was confident for the current year, forecasting an increase in sales of between 25 per cent and 30 per cent. Profits would grow "at the same rate or maybe a tick higher" than sales, he said.

Underlying demand remained strong for R/3, an

PROFILE

SAP

Market value: \$2.1bn Main listing: Frankfurt

Historic P/E 54.2

Gross yield (1995) 0.5%

Earnings per share DM5.48

Current share price DM242.5

Share price relative to the Dax index

Earnings per share (DM)

Source: Deutsche Bank, Reuters

Forecast Dax, Hans Weyerhaeuser

SAP has established a

worldwide leadership in R/3 since

it launched it in 1992. Last

year it signed on 1,039 new

R/3 customers, bringing

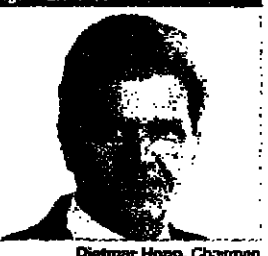
integrated software package

for commercial use that is

SAP's chief product. Sales of

R/3 climbed 44 per cent in

1996, to DM2.37bn.



Dietmar Hopp, Chairman

Random to buy Reed fiction arm

By David Blackwell

George Orwell and Anton Chekhov are among the authors who will be sharing the same publisher as Joan Collins, following an agreement by Reed Elsevier to sell its fiction books division.

The prospective buyer is Random House, the powerful US book publisher that last year lost a court battle with the actress and author in an attempt to recover \$1.2m (£740,000) of advances.

Reed Elsevier, the Anglo-Dutch publishing and information group, said yesterday it had agreed in principle to sell the adult trade division of Reed Books to the UK arm of Random House.

The division includes some of the most famous names in British publishing history including William Heinemann and Secker & Warburg.

Sales from the division are about £20m and it is understood to be trading profitably. Analysts yesterday estimated the price at about the same level as sales.

Random House UK, which has annual sales of about £100m, is an umbrella company for 20 independently

run imprints, including Jonathan Cape, publisher of Martin Amis and Julian Barnes, and Century, which has John Grisham and Michael Crichton on its list.

Ms Gail Rebeck, chief executive of Random House UK, was confident the Reed imprints would be a good fit with the existing business. "We are very pleased with the opportunity."

Reed originally put its entire consumer books division up for sale in 1995, and was looking for a price of about £100m. But the business was withdrawn from the market in a poor year for publishing.

At the end of last year Mr John Holloran succeeded Mr Sandy Grant as chief executive of Reed Books and was told to prepare the company for a sale by early 1998. Yesterday's deal leaves him three further divisions with turnover of £130m to sell - reference, illustrated, and children's books, publisher of Winnie the Pooh and Thomas the Tank Engine.

Mr Tim Rothwell, media analyst with Gerard Watson Gray, said the announcement showed Reed had been right to bide its time.

Photo-Me hit by strength of sterling

By Roger Taylor

The UK-based Photo-Me International, the world's largest manufacturer of photo booths, yesterday said the strength of sterling had reduced half-year profits by up to £900,000.

Pre-tax profits dropped 10 per cent to \$9.1m on turnover down 11 per cent at \$93.5m for the six months to October 31.

Mr Peter Berridge, group managing director, said currency movements had not affected trading.

Taking out the impact of sterling, turnover and operating profit were up 4-5 per cent.

However, the value of non-sterling credits had fallen by £200,000 and up to another £600,000 had been lost on translation of overseas earnings.

Photo-Me has more than 60 per cent of its business outside the UK.

The company confirmed that profits for the year to April 30 would be no higher than those for 1995, which were 22 per cent down on the year before.

The market remained flat, said Mr Berridge, and competitive pressures intense.

In spite of this, the company had maintained its market leading position and improved margins slightly, he added.

The company has responded to the sluggish market by cutting its investment and expansion plans and reducing debt. Capital expenditure has been cut by 42 per cent to £10.1m.

The additional cash has been used to cut debt to £31.1m from £43.3m at the end of April. Gearing fell from 46 per cent to 33 per cent over the period.

Earnings per share fell to 7.45p (8.94p) but the interim dividend is maintained at 1.5p.

The results were in line with analysts' expectations and the shares ended the day unchanged at 127½p.

COMMENT

In cutting back its capital expenditure programme, Photo-Me has accepted that it is now a low-growth cash-generating business. The decline in margins and profits may now be coming to an end, but there is little prospect of growth. Profits for the April year-end are forecast at £11.3m, giving earnings per share of 8.5p and putting the stock on a forward p/e of 15. This looks expensive.



Raised hats, raised profits: Michael Mitchell, chief executive (foreground), with Ken Onst, finance director

'Mature customer' focus lifts Beale

By Joan Gray

Continued focus on the "more affluent and mature customer" helped Beale, the UK department store group, continue its growth record with a 25 per cent increase in underlying full-year pre-tax profits to £4m.

Including an exceptional gain from rate rebates, the pre-tax figure for the year to November 2 came out at £4.7m, against £2.85m when there was a £181,000 exception for the flotation expenses. Turnover was ahead at £55.6m (£48.3m), including £4.95m from acquisitions.

Mr Michael Mitchell, chief

executive, attributed the continued growth to the company being "focused on our particular customer group, the ABC1 40-plus market. The spending power of this sector has stayed up and we concentrate on them rather than trying to be all things to all people."

The group, which operates seven stores in England, was looking for further acquisitions, he said, particularly "old-established department stores in middle England where we can retain their appeal and run them effectively".

The proposed final dividend of 5.75p (4.5p) makes a total of 8.3p (6.7p).

Expanding Fitness First in triple jump

By Jean Marshall

Shares in Fitness First, which came to Aim last October, rose by 15 per cent after the UK health club operator announced pre-tax profits more than trebled to £727,000 in the year to October 31. At flotation it had forecast pre-tax profits of not less than £700,000.

Mr Christopher Pearce, chairman, said the strong growth in the health and fitness industry had continued into 1997. FF operates seven clubs and plans to have more than 25 in the next three years, with six to eight opening each year.

A new club was opened in Southend, Essex, in January and Mr Pearce said the company planned to open two more this month in Derby and Shrewsbury.

Both were expected to be completed in line with budget.

He said that income from the £2m, before expenses, raised at flotation would benefit the 1997 results, while the impact of the capital investment programme would be more fully reflected in 1997-98.

Turnover rose 80 per cent to £3.71m. The shares, which floated at 80p, added 18p yesterday to 138½p.

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FT Surveys

COMMODITIES AND AGRICULTURE

7

WEEK IN THE MARKETS

Gold price tumbles to 3½-year low

By Susanna Doyle

Gold fell to its lowest level for three-and-a-half years yesterday - with dealers saying the market was hit by speculation of fresh sales by central banks. Bullion was fixed at \$345.50 a troy ounce in the afternoon, down from Thursday afternoon's fixing of \$349.25.

In later trading in London, gold fell to \$344.60 following a large sell order which traders said was thought to be from a central bank or a producer.

"There is a very big sell order in the market and people suspect it is a central bank," said one dealer.

Last month the Dutch central bank said it had sold 300 tonnes of gold from its reserves, which badly affected market sentiment. Analysts have been fretting over the possibility that other European governments might deluge the market with gold to raise money to help them meet the criteria for monetary union.

Mr. Ted Arnold, metals analyst at Merrill Lynch, said the most interesting feature of the week had been the amount of gold coming out of Asia. "The message is that they are not going to be buyers for some time," he said. "The market's mood is such that \$330/\$320 will probably be seen in coming weeks."

He said he also expected to see some more gold sales from central banks within nine to 11 months, and that it was difficult to make out a bull scenario for gold. "The bear market is well and truly intact," he added.

Mr. Andy Smith, precious metals analyst with UBS, played down the idea of central bank selling.

"There is a lot of finger

pointing, but [central banks] are defenceless; they are not in the dental business," he said. Instead, he suggested that this week's falls came in the aftermath of the expiry of options on Wednesday. "This is a market that is in technical territory driven by the options," he said.

Mr. Smith suggested that next week the market might see a fall in volatility. He said volatility was as high as it had been this time last year - when a rally peaked at \$417 a troy ounce. "The market is as active as that," he said. "You have to believe that it will become less active... the excitement on the upside last year didn't go so long, and I would imagine that it would be the same here."

Reaction to the fall in gold among other precious metals was also mixed. Platinum suffered, finishing at \$348.75, down \$3. However, silver and palladium took an independent path, silver closing up two cents at \$4.91 and palladium up \$2.25 at \$123.50.

On the London Metal Exchange yesterday zinc for three-month delivery reached a two-year high of \$1,174 a tonne but fell back a little to close at \$1,172.60. Traders said the price - along with that of nickel - had been pushed up by investment funds which poured money into the market.

LME zinc stocks fell by 1,450 tonnes, while the market had been expecting a modest increase. Nickel reached its highest level for four-and-a-half months after a solid 884-tonnes stock draw. The price for three-month delivery closed at \$7,585, down from a peak of \$7,640 after some profit taking. The price was \$280 up on Thursday's close.

LME Warehouse Stocks (as at Thursday's close)
Aluminium 107,750 to 945,875
Copper 180 to 73,180
Nickel 1,172 to 112,020
Zinc 894 to 47,718
Tin 1,450 to 482,520

WEEKLY PRICE CHANGES

	Latest price	Change on week	Year High	1996/97 Low
Gold per troy oz.	\$344.15	-8.70	\$415.40	\$344.15
Silver per troy oz.	\$304.50p	+2.50	\$383.90p	\$287.90p
Aluminium 99.7% (cash)	\$1,097.5	-17.0	\$1,176.5	\$1,024.5
Copper Grade A (cash)	\$2,597.5	-14.0	\$2,677.0	\$2,518.5
Lead (cash)	\$209.5	-2.5	\$216.5	\$206.0
Nickel (cash)	\$7,485	+255	\$8,225	\$6,985
Zinc SHG (cash)	\$1,191.5	-1.5	\$1,208.0	\$1,155.5
Platinum (cash)	\$3,487.5	-25.0	\$3,512.5	\$3,462.5
Cocoa Futures Mar	\$1,500	-45	\$1,540	\$1,455
Coffee Futures Mar	\$258.50p	+7.70	\$266.20p	\$250.80p
Sugar (LDP Raw)	\$21.50	-0.10	\$21.60	\$21.40
Wheat Futures Mar	\$3.25	+1.25	\$4.50	\$2.00
Cotton Futures Mar	\$0.35	-0.02	\$0.37	\$0.33
Wool (B44 Blend)	\$23.22p	+0.02	\$23.24p	\$23.20p

For more news on commodities, see P. 10. For more on the FTSE 100, see P. 11.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

	Sett	Day's	High	Low	Vol	Open
Aluminium 99.7% (cash)	1,097.5	1,097.5	1,100.0	1,095.0	1,097.5	1,097.5
Aluminium 99.7% (3m)	1,172.6	1,172.6	1,174.0	1,171.0	1,172.6	1,172.6
Aluminium 99.7% (6m)	1,172.6	1,172.6	1,174.0	1,171.0	1,172.6	1,172.6
Aluminium 99.7% (9m)	1,172.6	1,172.6	1,174.0	1,171.0	1,172.6	1,172.6
Aluminium 99.7% (12m)	1,172.6	1,172.6	1,174.0	1,171.0	1,172.6	1,172.6

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Aluminium 99.7% (9m)	1,172.6	1,172.6	1,174.0	1,171.0	1,172.6	1,172.6
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Aluminium 99.7% (9m)	1,172.6	1,172.6	1,174.0	1,171.0	1,172.6	1,172.6
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Aluminium 99.7% (6m)	1,172.6	1,172.6	1,174.0	1,171.0	1,172.6	1,172.6
Aluminium 99.7% (9m)	1,172.6	1,172.6	1,174.0	1,171.0	1,172.6	1,172.6
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Aluminium 99.7% (9m)	1,172.6	1,172.6	1,174.0	1,171.0	1,172.6	1,172.6
Aluminium 99.7% (12m)	1,172.6	1,172.6	1,174.0	1,171.0	1,172.6	1,172.6

Precious Metals continued

GOLD COMEX (100 Troy oz. \$/troy oz.)

	Sett	Day's	High	Low	Vol	Open
Gold	344.15	344.15	345.00	343.50	344.15	344.15
Gold	344.15	344.15	345.00	343.50	344.15	344.15
Gold	344.15	344.15	345.00	343.50	344.15	344.15
Gold	344.15	344.15	345.00	343.50	344.15	344.15
Gold	344.15	344.15	345.00	343.50	344.15	344.15

GOLD COMEX (100 Troy oz. \$/troy oz.)

(Prices from Amalgamated Metal Trading)

	Sett	Day's	High	Low	Vol	Open
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Gold	344.15	344.15	345.00	343.50	344.15	344.15
Gold	344.15	344.15	345.00	343.50	344.15	344.15

GRAINS AND OIL SEEDS

WHEAT LIFE (c/t)

	Sett	Day's	High	Low	Vol	Open
Wheat	915	915	915	915	915	915
Wheat	915	915	915	915	915	915
Wheat	915	915	915	915	915	915
Wheat	915	915	915	915	915	915
Wheat	915	915	915	915	915	915

WHEAT LIFE (c/t)

(Prices from Amalgamated Metal Trading)

	Sett	Day's	High	Low	Vol	Open
Wheat	915	915	915	915	915	915
Wheat	915	915	915	915	915	915
Wheat	915	915	915	915	915	915
Wheat	915	915	915	915	915	915
Wheat	915	915	915	915	915	915

WHEAT LIFE (c/t)

(Prices from Amalgamated Metal Trading)</

Feeling the froth

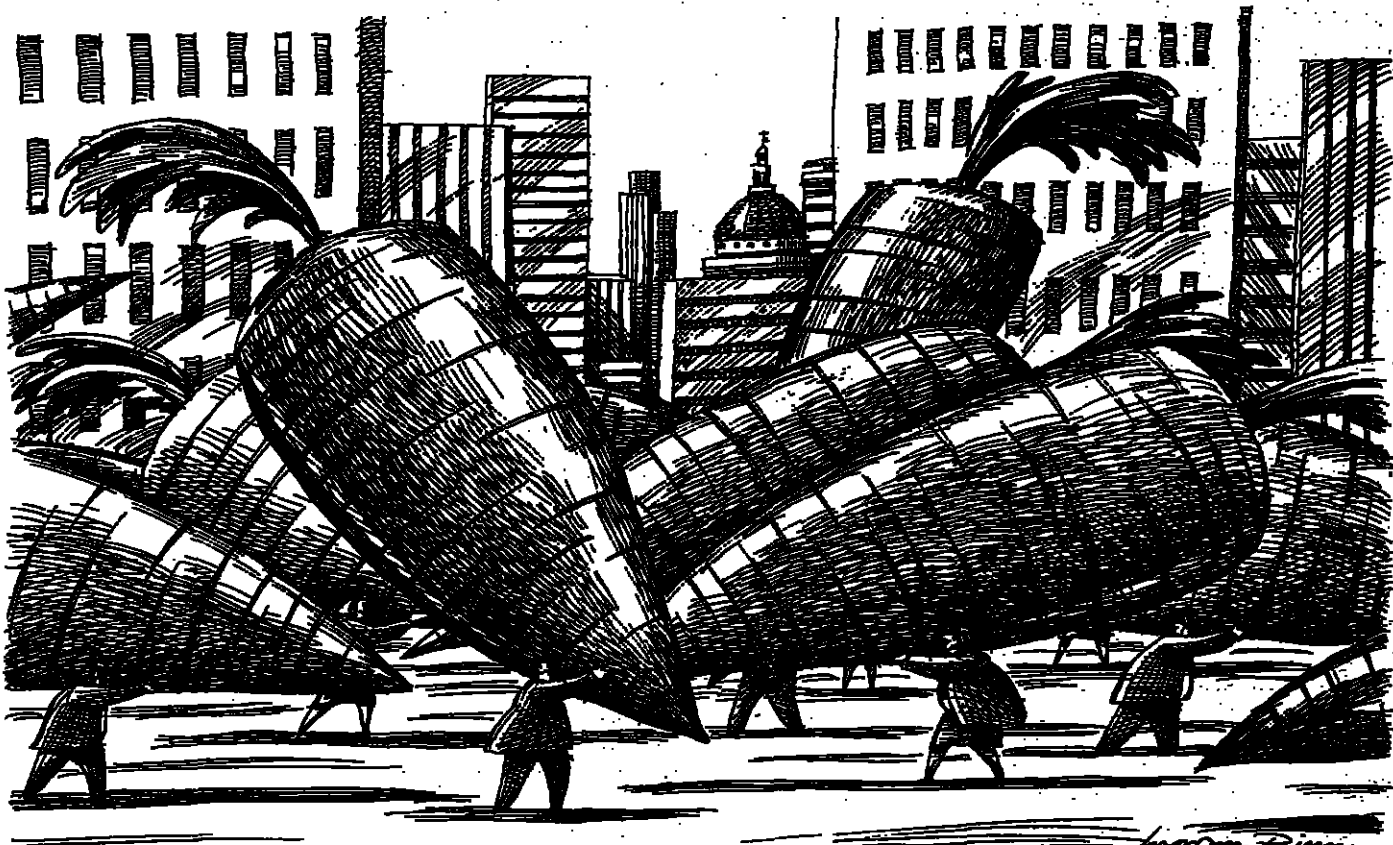
British investors who have held undated War Loan over a long period may well regard that as a potentially solid

What would kill the present bull run is a return to synchronized economic growth across the world. There will be much more froth before that happens.

Largesse in the Square Mile

A wave of activity and fierce competition for staff are fuelling seven-digit salaries in the City of London, says **John Gapper**

On Tuesday, Phoenix Securities, a small merchant bank that specialises in advising big finan-



Much of this largesse is unlikely to be repeated next year.

Second, as financial markets

rewards have grown so too have the risks. "There are more people at the top of the tree being paid

Such qualms are unlikely to excite much sympathy among those excluded from the City windfall. Even ardent defenders of the financial logic of big rewards in the City have little to offer by way of a moral defence. "I do sometimes sit down and think: 'Can this be right?'" says one investment banking millionaire. "My answer is that it is not wrong."

LETTERS TO THE EDITOR.

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938. e-mail: letters.editor@ft.com Published letters are also available on the FT web site: <http://www.ft.com> Translation may be available for letters written in the main international languages.

Private answer to state pension in EU

Without intending any disrespect, it is obviously easier for a columnist or central banker than for a practising politician to rec-

Experience indicates savings invested on the basis of objective judgment as to where the highest return is achievable generate a higher total return in real terms than savings channelled by legislation or "guidelines" into government bonds in order to fund

Michael Haag,
Institutional Fund Managers'
Association,
Roman House, Wood Street,
London EC2Y 5BA, UK

Prague square also has its better side

Cities evolve by changing with the needs and manner of their populations. Today, Wenceslas Square is packed with locals and tourists shopping or looking for a good time. The very diversity of the square is and should remain its strength. The change that has taken place there both during and since the Communist regime has been extensive and as long as it is allowed to continue the square will continue to maintain its attraction and vitality.

**Aubrey Diem,
Les Glaciers,
3961 Zinal,
Switzerland**

Brittan's anti-dumping move to be welcomed

Present inadequacies of the procedure have been shown up in the recent Commission decision to impose provisional duties on cotton fabric from some nine

It is only to be hoped that the Commission's change of heart is

**James McAdam,
British Apparel & Textile
Confederation,
5 Portland Place,
London. W1N 3AA. UK**

Dangerous to suggest that 'it's different time'

Sir, Barry Riley's review of *The Trouble With Prosperity* ("Cassandra of Wall Street", January 23) misses the point. He protests that Grant's predictions of bust following boom are irrelevant, because "the late 1990s are prog-

The 1990s indeed will be deviant – until they revert, inevitably, to the mean. That is Grant's

Andrew Brown,
11 Windabout Drive,
Greenwich, CT 06831, US

**Aubrey Diem,
Les Glaciers,
3961 Zinal,
Switzerland**

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Woman in the News • Katharine Graham

Self-portrait of a lady

Jurek Martin on the celebrated publisher of the Washington Post

There is a paradox about Katharine Graham, celebrated publisher of the Washington Post. She inspires awe in everybody she meets yet confesses, in her absorbing and painfully honest biography, that she is conscious of her shortcomings and insecurity.

The book's publication has certainly started the reminiscences flowing. In *New Yorker* magazine, David Remnick, former Moscow correspondent for the Post, writes that he thought his career was over after he nearly got his boss mauled by a chous big cat in what was then Leningrad.

In *Vanity Fair*, Sally Quinn, whose own profiles for the newspaper's *Style* section inspired fear in their subjects, tells of quaking in her shoes as part of a delegation that dared ask Mrs Graham to boycott an all-male establishment dinner. Ms Quinn later married Ben Bradlee, the Post's great former editor and Mrs Graham's alter ego, and trembles no more.

I never worked for the Post, but I know what they mean. Once, in Tokyo, I introduced her at a lunch with some mock-biblical verses taken from St John - not the Divine but Mitchell, President Nixon's attorney general - using his threat to put parts of her body

through a mangle if the Post did not back off in its Watergate coverage. Half way through I caught a glimpse of that unblinking patrician face and wondered if I would be sent down for lese-majesty.

But this is not how Katharine Graham sees herself. Her story is of a daughter of the privileged establishment, brought up more by servants than parents, going to the best schools but never seriously allowing herself to think in terms of a career - either as a journalist or as a businesswoman.

She was never as close to her father, the financier Eugene Meyer, as both would have liked. He bought the struggling, inconsequential Post in the 1930s and later briefly became first president of the World Bank. The relationship with her dominating and eccentric mother, Agnes, was difficult.

It was Phil Graham, her husband, to whom she was totally in thrall. His brilliant personality and record as publisher of the reviving

Post - for which he acquired Newsweek for a song - and as confidant of politicians and presidents, left her essentially a mother and rich housewife, trailing mostly happily in his glorious wake.

"I literally believed," she writes, "that he had created me, that I was totally dependent on him."

She became truly aware of the extent of his manic depression only late in their relationship, and did not know how to handle it. She had friends to turn to - President Kennedy once sent a government plane to bring Phil Graham back from Arizona after one bad public breakdown - but found it hard to imagine life without him, even when he left her for another woman. She was in an upstairs room when he committed suicide - with a shotgun - at their Virginia farm in 1963, having wheeled a weekend off from his psychiatric clinic.

The rest is in the public domain. The daughter of Eugene Meyer decided "however hesitantly" to keep the

Post "for the children" - not as a figurehead, but "by going back to work" in the fullest sense. That meant fending off takeover offers from CBS, Times Mirror, "even from Roy Thomson".

"Little did they realise that, having lived through the rebirth of the paper from its bankrupt McLean days, having stood by my father and my husband as they built it up with such zeal and devotion, I would never sell. It was unthinkable for me." Scarlett O'Hara, vowing never to go hungry again, knew the feeling.

Of course, she needed help and it came from predictable and unexpected quarters, mostly male. Ben Bradlee, already a star with Newsweek, was the acquisition that made the difference to the editorial side. This was never more so than in the Pentagon Papers case of 1971 - which at least got the Post mentioned in the same breath as the New York Times - and then in the Watergate saga, when it surpassed its benchmark rival, Warren Buffett was

unknown to her when he bought 10 per cent of the company's non-family B shares in 1973 (it had gone public two years earlier). Within a year she invited him on the board of directors with Don Graham, her eldest son and now publisher. Ever since, Buffett has been the ultimate financial eminence grise.

She also wanted, and received, friendship. "As Warren was driving me to Los Angeles airport [in 1974] I told him something very important to me. I said I would welcome anything he wanted to tell me if he told me gently, but that I didn't respond well to sharp rebukes, which made me curl up in angry retreat. I need not have worried, he understood me totally by then."

In a 600-page memoir, Mrs Graham speaks unkindly only of those who traduced her - led by her husband's psychiatrist and the print union leaders she battled to defeat in 1974-75. (She reveals no generalised employer animus towards

organised labour. Perhaps this is because as a young reporting intern she got to know and go drinking with - the toughest nuts in the San Francisco longshoremen's union, including the radical Harry Bridges.) Dislike is not even displayed towards Robin Webb, Phil Graham's lover. "She must be a decent person."

Her friends are legion, though hardly ordinary. They bear names such as Kennedy, Johnson, Reagan, McNamara, Bundy, Nitze, Reston, Alsop and countless more pillars of the Washington establishment. They include the international great and good (Jean Monnet and Isiah Berlin) and the infamous (Donald Maclean, the British spy for Moscow). Her book is thus also a contemporary history, filled with delicious asides - of Monnet she writes disarmingly: "I can testify to his virility."

She comes over as a woman, but an almost reluctant feminist; as mostly liberal, though non-doctrinaire; and as tough only when she has to be. She is, after all, a lady of pedigree.

Personal History, Katharine Graham. Knopf, \$29.95. Available from FT Bookshop by ringing FreeCall 0500 500 635 (UK) or +44 181 324 5511 (outside the UK).



Raymond Snoddy on enthusiasm for digital terrestrial television Channel-surfing charter

Until a few days ago there was a widespread belief that digital terrestrial television was one broadcasting service too many to inflict on the British public.

British Sky Broadcasting, the satellite television venture, plans to launch up to 200 channels of digital satellite television in the UK before the end of this year. And the cable companies have invested about £2bn in high capacity networks for Britain's urban areas with plans to go digital - complete with interactive services such as home shopping, home banking and access to the Internet.

In an age of 200 channels, there seemed to be limited attractions in the 30 or so digital terrestrial channels that could be broadcast from traditional land-based transmitters. Viewers were unlikely to be interested in buying a set-top decoder for digital terrestrial television rather than hooking up to satellite or cable.

But a small number of television executives were excited by the prospect - and yesterday they submitted their application for digital terrestrial television franchises that will offer much more than a second-class service. They included two of the most powerful figures in British television: Mr Michael Green, chairman of Carlton Communications, the largest ITV company, and Mr Sam Cholmondeley, chief executive of BSkyB.

"In five or 10 years the majority of the population will receive their television in this way," Mr Green said yesterday, after submitting his consortium's application to the Independent Television Commission, the commercial regulator.

Digital terrestrial television will offer the viewer interference-free and possibly wide-screen pictures which can be received with ordinary aerials and without the need for satellite dishes.

The existing broadcasters such as the BBC, ITV, Channel 4, the Welsh Fourth

What's on offer?

- British Digital Broadcasting
- Sky 1 (family entertainment)
- Sky Movies (films)
- Sky Sports (sport)
- BBC One TV (pop music)
- BBC Horizon (nature, science, history)
- BBC Showcase/BBC Style (best of BBC1 and BBC2, with food, fashion)
- Carlton Select (drama, special events)
- Carlton Films (films)
- Carlton Entertainment (popular entertainment)
- Granada Plus (entertainment)
- Granada Good Life (lifestyle)
- Granada TV Shopping (teleshopping)
- Granada Sports Club (football, music)
- Public Eye (law and order)
- The Movie Channel (films)

- Digital Television Network
- The Money Channel (business, consumer advice)
- The Knowledge Channel (includes Campus)
- The British Sports Channel (sport)
- Metro TV (includes Neighbourhood TV)
- Travel (includes The Holiday Hotline)
- The National (personal pages, news)
- Shopping Square (teleshopping, banking)
- Animal Planet (specialist)
- The ITN Living History Channel (specialist)
- The Box (specialist)
- Turner Classic Movies
- MGM Gold
- Cartoon Network
- The Movie Experience

Sources: the consortia

Channel and the soon-to-be-launched Channel 5 all have been guaranteed digital terrestrial capacity. The licences that the new consortium is bidding for are the three commercial multiplexes, or blocks of frequencies, capable of broadcasting about 30 or more channels.

It is likely that before digital terrestrial television is launched in the middle of next year all the broadcasters involved will work together to ensure that viewers will need only a single set-top box to receive their broadcasts. The set-top decoders are likely to cost about £400 at retail at the outset but launch subsidies from the consortia could bring this down - closer to £200.

Dixons, the consumer electronics chain, believes the electronics can be quickly integrated into television sets which would sell at about £200 more than conventional sets. Plug-in modules which could allow these boxes to receive digital satellite services could cost as little as £50.

Oliver & Ohlbaum, a media consultancy, predicts that digital terrestrial television could win 1m subscribers by 2001, with gross revenues of £180m, and 3m subscribers and £650m gross revenues by 2006.

Mr Green's group was brought together at a dinner at Hampton Court Palace in 1995 by Mrs Virginia Bottomley, the National Heritage secretary, another DTT

enthusiast who has never wavered in her belief that this was an opportunity for the UK to take a world lead. The consortium includes International CableTel, the UK cable operator which owns NTL, the broadcasting transmission and services company which has been working on the digital technology for years.

For Mr Green the trick was to persuade BSkyB - which has channels such as Sky Sports, Sky Movies and The Movie Channel - to join the consortium. Initially a 50-50 joint venture was agreed. Mr Gerry Robinson, chairman of Granada, the second largest ITV broadcaster, who is also chairman of BSkyB, set aside initial scepticism to join up.

The result is British Digital Broadcasting, a powerful integrated operating and programming company which can call on channels already created by consortium members. The consortium, which expects its investment to be no more than £200m, also has first option to broadcast the new television channels being created by a planned joint venture between the BBC and Flextech, the cable and satellite channel company.

The consortium chaired by Mr Green is challenged for the three main multiplexes by Digital Television Network, a company wholly owned by International CableTel. It plans a range of

channels including movies, sport, entertainment, education, money, travel and local strands of programming.

In particular there will be a new channels devoted to British sports and city-based television channels broadcasting up to 18 hours of local programmes a day. DTN will be the main buy in its channels and service - including pay-per-view movies from Hollywood studios - on a contract basis. In addition the company promises revolutionary data, information and shopping services.

Mr Jeremy Thorn, chief executive of DTN, said yesterday: "By pulling together the best programming and technology expertise available we've proposed a multimedia solution tailored to the needs of the UK mass TV audience."

On the incomplete information available yesterday - neither group would reveal much by way of numbers or levels of decoder subsidy - British Digital Broadcasting seems the stronger offering. Although more of BDB's channels already exist, DTN can offer Turner Classic Movies, Cartoon Network and Animal Planet, the new animal channel launched successfully by Discovery Communications in the US.

Whoever wins the battle of the multiplexes it is certain that the British viewers are going to be wowed as never before by the digital multi-channel revolution whether via cable, digital satellite or digital terrestrial.

Perched precariously

Kevin Done and Kerin Hope on the damaging collapse of Albania's pyramid schemes



Facing critics: Sali Berisha waves to supporters in Tirana

copters and supermarkets. Cracking his knuckles behind the desk in his lavish office, he talks of opening a private bank, even though his application for a licence was rejected last year.

"We too have used this operation of borrowing from citizens because we wanted to increase investments and create as many jobs as possible," he says, while vehemently denying that Vefa is a pyramid scheme. "As the development of our activities gets bigger, we need to have all rights to draw money and pour out capital."

Vefa Holding, Albania's biggest private sector company, is widely regarded by western financial observers as being at the centre of the pyramid schemes. Mr Vefa Alimucaj, its founder, is a paunchy 47-year-old who used to be a soldier in Hoxha's army. He drives an S-class Mercedes and has a villa in central Tirana that doubles as his headquarters.

Mr Alimucaj claims to be running a conglomerate, with operations ranging from chicken farms and bitumen mines to ferries, heli-

planes and supermarkets. Since his Democratic party ousted the communists in 1992, he is facing criticism from his former admirers in the west. His overwhelming victory in last year's general election was condemned for ballot rigging, intimidation and violence.

He insisted this week that "Albania will develop as a democratic country and will try to apply the most liberal standards in existence". But parliament is still boycotted by the leading opposition Socialist party seven months after the general election, and outspoken critics of the Democratic party have been beaten and intimidated.

The Berisha administration has ignored exhortations from Washington to bring the opposition back into the political process. The US is pushing for rapid progress on drafting a new constitution, to be followed by fresh elections.

But the need for political reforms has been overtaken by the pressure on Mr Berisha to pacify victims of the pyramid schemes. Any cash handouts from an overstretched budget risk

triggering hyperinflation. The first step in a hasty response calls for Albania's state-owned Savings Bank and National Commercial Bank to start repaying investors in Xhaferri and Populli, two of the biggest pyramid schemes, next week. They will be paid from scheme funds that the government managed to freeze in deposits in the state banks.

But this will cover only investors in those two schemes, and most of them are likely to be repaid largely in savings books with term deposits rather than cash.

The government is working on plans to alleviate the most extreme cases of hardship - some people sold homes, land and livestock to invest at the height of the pyramid fever last year. There is no provision yet for helping the tens of thousands who invested in schemes that have collapsed without any obvious assets.

Still to be addressed is the question of the security of several hundred million dollars deposited in holding companies such as Vefa. Western financial experts predict the collapse of such groups.

Confidence is falling daily among the dozens of foreign exchange dealers who operate with pocket calculators and wads of currency in the dusty streets outside the central bank. The currency has slipped from 110 to 125 leks to the dollar in two days.

The spectre of financial collapse in Albania is alarming its EU neighbours. Italy and Greece fear a new wave of mass emigration. In 1990, they had to accommodate tens of thousands of young Albanians who fled abroad in search of work.

Sitting in a smoky bingo hall near Tirana's main mosque, Mr Bujar Zeqo said he had worked illegally for six years on farms in Greece. He recently returned to Albania with his wife and three children. He had bought a van to start his own transport business. He was preparing to build a home, but had placed most of his savings of \$24,000 in three of the failed schemes.

"I can only think about the money," he asks. "Will I get any of it back? Will I have to go back to Greece and start all over again?"

A boy sits typing at his computer while his father lies dying on the floor behind him. "Aw, gee Pop," says the boy, "if I call 911 I'll lose my America Online connection."

The cartoon in the Akron Beacon-Journal reflects the latest obsession in the US. Millions of personal computer users are logging on to the Internet and online information services, putting the home telephone line under siege.

Family members squabble as the household "nerd" hijacks the phone line for online activities. Telephone companies in the US complain that Internet services are overwhelming their networks. Meanwhile, cyber fans moan about slow service and busy access lines.

America Online, the world's largest online service with some 5m subscribers, is taking the brunt of it. Last week the company agreed to offer refunds to disgruntled US customers.

AOL has seen use of its services soar over the past two months since it introduced a flat-rate pricing scheme of \$19.95

Home telephones under siege

Internet users are stretching the US phone network to breaking point, says Louise Kehoe

(£12.30) a month. Since local telephone calls are free on US home phone lines, PC owners were remaining linked to the Internet for hours, or even days.

With circuits logjammed, many AOL subscribers have found it impossible to get online. They have faced constant busy signals, earning AOL the unfortunate new title of "America Offline".

AOL has been lambasted by protesters from all over the US who threatened to file consumer fraud charges against it for selling services it could not deliver. But the company's offer of refunds appears to have quelled complaints - at least for the time being.

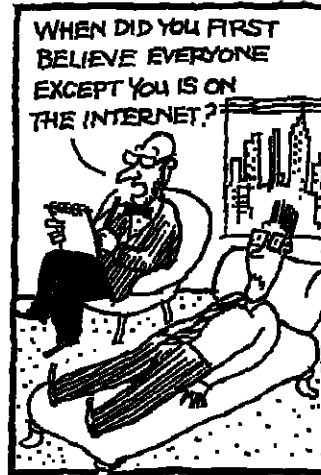
Yet AOL is hardly alone in offering low-cost, flat-rate online access. Indeed, AOL's switch to a flat fee was a defensive move. For \$20 a month or less, unlimited local Internet access is avail-

able from hundreds of US Internet service providers.

Many PC owners working from home are installing second telephone lines for Internet use. Last year, for example, Pacific Bell installed a record 700,000 phone lines in California, more than double the 1994 number.

But this has led to a huge increase in telephone traffic. In October, Pacific Bell warned that rising Internet use was clogging its networks in Silicon Valley. Internet use in California amounted to over 15bn minutes of phone time last year, nearly a quarter of total residential flat-rate usage, the company said.

"The explosion of the Internet is flooding our networks," says Mr Michael Fitzpatrick, chief executive of Pacific Telesis, Pacific Bell's parent company. He predicts a "data tsunami, a tidal wave (of Internet calls) in the next 18 months".



The regional telephone companies say Internet service providers are getting a "free ride" and should pay for use of the telephone network. "Internet usage is predicted to

grow more than 700 per cent by the year 2001," says Mr Roy Neel, president and chief executive of the US Telephone Association, an industry trade group. "Someone has to pay for that usage, the subsequent wear and tear on the network and the new equipment."

The telephone companies are pressing the Federal Communications Commission, the telecoms regulator, for a change in the regulations to allow higher charges to Internet service providers.

The Internet industry is, however, fighting back. A new study published by the Internet Access Coalition, a group that includes Intel, Microsoft and Netscape, says US telephone networks are capable of accommodating the increasing volume of data communications traffic. "The very few congestion problems that have been identified... can be

easily corrected," the group contends.

The group also says Internet growth is generating significant new revenues for the telephone companies. Between 1990 and 1995, revenues from additional lines used exclusively or primarily for online services brought in more than \$3.6bn for the regional telephone companies.

The telephone companies and Internet service providers agree on the need for higher performance Internet connections - ultimately, moving Internet traffic off networks designed for voice calls on to more efficient packet-switched data networks.

Most large businesses already have dedicated, high-speed lines to access the Internet. But some Internet service providers believe that hundreds of thousands of smaller businesses and individuals would pay extra for better access to the Internet.

In what may be a trend-setting move, Netcom On-Line Communication Services recently announced it would phase out flat-rate Internet service in favour of a range of "enhanced" services. These include

high-speed digital telephone lines and Internet access via Cable TV networks, satellite communications or cellular wireless systems. Similarly, @Work, a new unit of the @Home Network, has launched a service designed specifically for telecommuters - people working at home who rely on online connections to keep in touch with the office. For about \$200 a month, customers will get high speed Internet access as well as links to head-office computers and 24-hour customer support.

In Internet service, as in most things, it is becoming a matter of "you get what you pay for". Businesses and people willing to pay more can expect higher speed and more reliable connections. For those who are happy to wait for their connection, the basic low-cost Internet access will remain an option.

UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Johnson Fry Slater Growth	1,504
Jupiter European	1,387
Gartmore UK Smaller Companies	1,384
Old Mutual European	1,356
NatWest UK Smaller Cos	1,338

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	486
Save & Prosper Korea	582
Baring Korea	604
Fidelity Japan Smaller Cos	614
Schroder Seoul	620

Schroder Seoul

1994	1,000
1995	1,000
1996	1,000
1997	1,000

TOP FIVE OVER 3 YEARS

Hill Samuel US Smaller Cos	2,086
Proffitt Technology	1,893
Jupiter European	1,813
PM North America Growth	1,801
Franklin Health	1,787

BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	440
Baring Korea	531
Govett Japan Strategy	542
Schroder Seoul	561
Five Arrows Japan Smaller Cos	569

Baring Korea

1994	1,000
1995	1,000
1996	1,000
1997	1,000

TOP FIVE OVER 5 YEARS

HSBC Hong Kong Growth	4,072
Gartmore American Emer Gth	3,616
GT Orient Acc	3,533
Proffitt Technology	3,508
Hill Samuel UK Emerging Cos	3,339

BOTTOM FIVE OVER 5 YEARS

Friends Prov Japanese Sm Cos	689
Govett Japan Strategy	722
Barclays Uni Japan Inc	736
Fidelity Japan Smaller Cos	776
M&G Japan & General Acc	784

HSBC Hong Kong Growth

1994	1,000
1995	1,000
1996	1,000
1997	1,000

TOP FIVE OVER 10 YEARS

Hill Samuel US Smaller Cos	6,450
HSBC Hong Kong Growth	6,110
F&C US Small Companies	5,829
Friends Prov Australian	5,615
Gartmore Hong Kong	5,597

BOTTOM FIVE OVER 10 YEARS

Barclays Uni Japan Inc	575
Mercury Japan	682
M&G Japan & General Acc	770
Waverley Australian Gold	779
CJ PPT Japan Growth	811

Friends Prov Australian

1994	1,000
1995	1,000
1996	1,000
1997	1,000

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

Indices

Average Unit Trust	1023	1127	1791	2441	3.4	2.8
Average Investment Trust	1103	1141	2080	2993	4.6	4.8
Bank	7082	1112	1222	1222	0.0	4.3
Building Society	4071	1114	1221	1221	0.0	4.0
Stockmarket FTSE All-Share	1168	1321	1891	3208	3.1	3.6
Inflation	1025	1088	1138	1550	0.4	

UK Growth

Johnson Fry Slater Growth	1504	1641	2387	-	3.9	0.4
Jupiter UK Growth	1145	1594	2731	-	3.5	1.8
Credit Suisse Fellowship Inc	1142	1480	-	-	3.4	1.1
River & Mercantile 1st Growth	1236	1436	-	-	3.1	1.4
Samuel UK Growth	1124	1423	1995	-	3.4	1.8
SECTOR AVERAGE	1106	1223	1885	2498	3.3	1.9

UK Growth & Income

Family United Charities	1206	1323	1893	3061	2.9	2.0
Flaming Select UK Income	1180	1322	1996	2756	3.2	3.7
Lazard UK Income & Growth	1096	1309	1879	2783	3.1	4.1
Cazenove UK Equity	1075	1303	2004	-	2.8	3.3
Gartmore UK Index	1154	1300	1891	-	3.2	3.3
SECTOR AVERAGE	1090	1183	1775	2651	3.2	2.8

UK Smaller Companies

Laurence Keen Smaller Cos	1247	1710	-	-	3.3	1.2
Gartmore UK Smaller Companies	1207	1689	2285	2901	3.7	0.2
AES Smaller Companies	1207	1689	2285	2901	3.7	0.2
INVESTCO UK Smaller Companies	1217	1578	2226	2759	4.4	1.4
Schroder Smaller Companies Inc	1294	1526	2380	2677	3.3	0.8
SECTOR AVERAGE	1134	1250	2013	2518	3.4	1.5

UK Equity Income

Jupiter Income	1175	1561	3100	-	3.1	4.2
Lazard UK Income	1129	1336	2085	3443	3.1	4.8
BWD UK Equity Income	1152	1332	2044	2702	3.3	3.8
River & Mercantile 1st Income	1090	1312	2110	-	3.3	4.1
GT Income	1148	1304	2494	3624	3.3	4.0
SECTOR AVERAGE	1079	1147	1852	2693	3.1	4.6

UK Equity & Bond Income

Proffitt Edna Income	1096	1227	1842	2851	2.8	4.5
Guardian Balanced	1029	1176	-	-	4.6	
Cazenove UK Equity & Bond	1092	1145	-	-	3.5	6.1
CIS UK Income	1085	1132	1769	-	2.7	4.3
N&P Higher Income	1112	1127	2040	2931	2.9	4.3
SECTOR AVERAGE	1051	1081	1697	2243	2.7	5.5

UK Eq & Bd

BWD Balanced Portfolio	1148	1374	2150	-	3.4	1.3
NPI UK Extra Income Inc	1107	1251	2131	-	2.9	2.9
Credit Suisse High Income Port	1070	1247	2179	-	2.9	4.2
Perpetual High Income	1067	1240	2288	-	2.6	3.7
Carlife Income Dis	1091	1172	1801	2353	2.7	3.6
SECTOR AVERAGE	1070	1170	1891	2619	2.8	3.5

Gilt & Fixed Interest

Thomson Preference Inc	1046	1171	1779	2386	1.8	8.6
Britannia Gilt & Fixed Int Inc	1027	1146	1347	-	1.7	8.2
Abtrust Fixed Interest	1133	1133	2126	2736	2.4	8.9
Henderson Preference & Bond	1071	1128	1582	2038	1.5	8.3
Abbey Capital Reserve Acc	1038	1127	1516	2193	0.3	4.8
SECTOR AVERAGE	1028	1046	1437	2105	1.9	6.7

International Equity Income

Martin Currie Int'l Income	1042	1143	2011	-	2.8	3.4
GT International Income	1013	1136	1948	2644	2.5	2.8
GEM Dolphin Int'l Gth & Income	1029	1123	1730	1927	2.8	2.4
M&G International Income	1000	1118	1883	2561	2.3	4.5
Mayflower Global Income	998	1091	1810	1904	2.8	4.3
SECTOR AVERAGE	1013	1080	1819	2161	2.8	3.6

International Fixed Interest

Baring Global Bond	1019	1113	1656	-	1.7	6.2
Barclays Uni European Bond Inc	1046	1095	-	-	1.2	6.1
Mercury Global Bond Acc	965	1082	1479	-	1.7	5.4
Old Mutual Worldwide Bond Inc	965	1071	1419	-	2.0	5.6
TSS International Income Inc	956	1048	1423	-	1.8	4.7
SECTOR AVERAGE	925	991	1364	1622	1.9	5.4

International Equity & Bond

Bank of Ireland Ex Mgd Growth	1086	1261	1919	-	2.5	3.0
Cazenove Portfolio	1005	1217	1985	-	2.2	1.8
NPI Worldwide Income Inc	1029	1197	1789	-	2.2	1.4
Gartmore PS Long Term Balance	1090	1185	1911	-	2.8	2.9
The Master Portfolio	1126	1164	1598	2268	2.5	1.8
SECTOR AVERAGE	1026	1103	1656	2282	2.4	2.6

International Growth

Proffitt Technology	1041	1983	3508	5334	6.1	-
Franklin Health	989	1787	2188	-	6.8	-
Henderson Global Technology	970	1531	2508	4457	5.7	-
Scott Equitable Technology	1091	1508	2305	4313	4.2	0.8
Save & Prosper Growth	1122	1397	2675	3672	3.4	1.6
SECTOR AVERAGE	1000	1099	1752	2279	3.3	1.1

INVESTMENT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

English National	5,002
TR Technology	1,967
SR Pan-European	1,805
Baring Emerging Europe	1,882
Primadona	1,643

BOTTOM FIVE OVER 1 YEAR

East German	552
Fidelity Japanese Values	562
Korea Liberalisation Fund	563
Perpetual Japanese	563
Schroder Korea Fund	568

Primadona

1994	1,000
1995	1,000
1996	1,000
1997	1,000

TOP FIVE OVER 3 YEARS

TR Technology	2,518
Kleinwort Development Fund	2,116
TR European Growth	1,996
Dunedin Enterprise	1,995
MOT Capital	1,917

BOTTOM FIVE OVER 3 YEARS

East German	356
Exmor Dual Capital	376
Perpetual Japanese	459
Baillie Gifford Shin Nippon	471
Schroder Korea Fund	483

Perpetual Japanese

1994	1,000
1995	1,000
1996	1,000
1997	1,000

TOP FIVE OVER 5 YEARS

TR Technology	11,491
MOT Capital	5,481
Foreign & Col Enterprise	4,859
Invesco English & Intl	4,857
North Atlantic Smaller Cos	4,453

BOTTOM FIVE OVER 5 YEARS

East German	323
Exmor Dual Capital	442
Exmor Dual Inc	549
Contra-Cyclical Capital	622
Baillie Gifford Shin Nippon	729

Foreign & Col Enterprise

1994	1,000
1995	1,000
1996	1,000
1997	1,000

TOP FIVE OVER 10 YEARS

Candover	10,113
Rights & Issues Inc	6,429
Foreign & Col Enterprise	6,099
Rights & Issues Capital	5,376
Kleinwort Development Fund	5,051

BOTTOM FIVE OVER 10 YEARS

Newmarket Venture Capital	603
Trust of Property Shares	697
Franklin Income & Capital	1,036
Jove Capital	1,082
Baillie Gifford Japan	1,182

Kleinwort Develop Fund

1994	1,000
1995	1,000
1996	1,000
1997	1,000

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

UK General

Mercury Keystone	1098	1453	2489	-	4.1	2.8
Finsbury Trust	1236	1412	2815	12	3.1	2.2
Malvern UK Index	1154	1342	2093	0	4.1	3.5
Finsbury Growth	1133	1319	2275	9	3.2	2.6
Fleming Claverhouse	1211	1250	1980	3	4.5	2.9
SECTOR AVERAGE	1423	1229	2160	-	3.7	3.2

UK Capital Growth

Kleinwort Endowment Policy	1199	1335	-	-	4.0	3.3
Welsh Industrial	1020	1214	3321	25	4.2	5.0
Nory & Sims ISIS	1284	1145	-	-	2.7	4.8
Broadspace	1072	1125	-	-	12	4.1
Fleming Enterprise	1002	1035	2051	15	5.1	2.9
SECTOR AVERAGE	1175	1171	2686	-	4.3	2.5

Smaller Companies

INVESTCO English & Intl	1288	1797	4857	1	6.9	0.8
Henderson Strata	1196	1632	3079	-	4.6	0.4
Gartmore Smaller Companies	1463	1589	2148	7	4.5	2.2
Perpetual UK Smaller Cos	1158	1544	2689	2	4.5	0.6
Ivory & Sims UK Smaller Cos	1286	1441	2280	16	5.8	2.3
SECTOR AVERAGE	1148	1159	2124	-	4.8	2.5

UK Income Growth

Value and Income	1180	1300	2587	0	3.3	4.1
Morgan Grenfell Equity Income	1046	1192	2055	7	3.6	4.8
Investors Capital Units	1158	1182	1855	12	4.1	4.5
M&G Income (Units)	1070	1158	1863	6	3.0	5.1
TR City of London	1115	1156	1972	5	4.3	4.2
SECTOR AVERAGE	1075	1128	1935	-	4.0	4.8

Venture and Devt Cap

Kleinwort Development Fund	1182	2116	2720	16	4.0	3.3
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Dimensional Unit Trust Managers Ltd (100000)	100.00	0.00	0.00	Friends Provident Unit Trusts - Contd.	100.00	0.00	0.00	HSBC Unit Trust Management Ltd - Contd.	100.00	0.00	0.00	Lloyds Bank Unit Trust Managers Ltd (100000)	100.00	0.00	0.00	Merrill Lynch Fund Managers Ltd - Contd.	100.00	0.00	0.00	100.00	0.00	0.00	100.00	0.00	0.00	100.00	0.00	0.00
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Weekend FT

We're just taking care of business

John Plender explains why individuals in wealthy developed countries still suffer feelings of insecurity and decline

Gulliver, you may recall, encountered on his travels two impassioned groups, the big enders and little enders, whose *casus belli* concerned the best end of the egg from which to extract the yolk. A comparable war is being waged in the post-socialist era about how to extract the best from capitalism.

The so-called stakeholder societies of Germany and Japan believe that their way of creating wealth is inherently superior. In the English-speaking world there is an equal and opposite conviction that the free market model is a more robust formula for growth.

Yet a striking feature of the global economy over the past decade and a half is that the growth rates of the US, Britain and Germany have been converging. In the 1980s, even Japan is coming into line.

Convergence is admittedly taking place at relatively low rates of growth and the global economy is, like the global egg, only good in parts. A dispassionate observer might thus conclude that neither the big enders nor little enders are, in their distracted state, pulling their weight.

A modern Gulliver would also note that the stakeholders have high rates of investment, but use their capital very inefficiently. The short-termist Anglo-Saxons under-invest, but extract high rates of productivity from modest outlays.

The Anglos are, in addition, ungearing, tolerating greater inequality of incomes. The stakeholders are sexist: the long-termist commitment required of males in the workplace often depends on an army of women toiling in the home.

But if the respective claims to economic superiority are open to debate, there is little doubt that the English-speakers are the more psychologically disturbed. Their short-term problem is one of endemic

insecurity resulting from waves of downsizing, re-engineering and de-layering, often induced by takeovers in which macho managers delight the markets with news of mass firings.

The extreme exponent of such corporate mutilation is Al "Chainsaw" Dunlap, currently working on the big US company Sunbeam. Dunlap's arrival there last year was followed by the announcement that 50 per cent of the workforce would go. The triumph, if unedifying, logic of this rude form of capitalism is "better pensions for fired workers".

Britain is no less vulnerable to a "feelbad" factor. After the shock treatment of the Thatcher era, the country's relative economic decline has finally been halted against its main competitors in terms of income per head. Yet the public does not seem to want to know, because it suffers not only from insecurity but from a longer term psychological hang-up.

The nature of the bind is well illustrated by the huge success of the book *The State We're In* by Will Hutton, the stakeholder-inclined editor of the Observer, who argues that Britain is locked in "a self-reinforcing downward spiral".

Hutton's is an intelligent and passionate contribution to a very British and under-explored genre, the literature of decline. It takes many forms. There are single-issue declinists such as Correlli Barnett, whose stridently range from the endemic weakness of the education system, through class division, to imperial overstretch.

Among the few witty declinists is Andrew Marr, editor of the British newspaper *The Independent*, whose book *Ruling Britannia* provides a compelling account of political sleaze.

Throughout the ages there have been thinkers, big and small, who have taken a regressive view of history. But with economics most people had nothing to feel nostalgic about until after the industrial revolution. Economic declinism promptly put in an appearance in Victorian Britain, when a royal commission was set up to inquire into the nature and causes of the Great Depression of 1873 to 1896.

The Great Depression is now acknowledged by economic historians to have been a myth. Its chief features were an intensification of international competition which led to painful structural adjustment in basic industries, together with the distortion of perceptions by a sharp fall in the general price level. Agriculture was particularly hard hit.

The heavily indebted British landed class, which comprised the country's political elite, was savaged by a severe bout of negative equity. Its response was to call for a royal commission.

Some of the most polished declinist literature is to be found in P.G. Wodehouse's fictional writing on this landed class. In a prescient reference to what is today called the fiscal crisis of the state, Wodehouse's butler Jeeves remarked in the 1950s: "Socialistic legislation has sadly depleted the resources of England's hereditary aristocracy. We are living now in what is known as the Welfare State, which means - broadly speaking - that everybody is completely destitute."

Most declinists take it as axiomatic that other developed countries are unaffected by remotely comparable problems. But the essence of the condition is not so much parochial masochism, as residual angst over loss of top dog status.

Such declinism was particularly prevalent in the 1970s, when the late William (subsequently Lord) Armstrong, the head of the civil service, described Whitehall's task as being "the orderly manage-

ment of decline". This pessimism coincided, suggestively, with the Heath government's decision to pool sovereignty within Europe.

Britain's absolute loss of power in the world has been acutely felt by the political class, not least because empires are to politicians what takeovers are to businessmen. They may not be profitable, but they give a great and distracting buzz to the perpetrators.

Put another way, the Luxembourgish and the Swiss may be the richest citizens in Europe; but in choosing to achieve this through voluntary trade instead of subjecting other people to an imperial yoke, they condemned their politicians to a very dull life.

Tory radicalism failed to give people any sense of a stake in national prosperity

The US still enjoys global supremacy. But the distressing economic challenge posed by the Japanese has left Americans susceptible to gloom. Social declinists such as Robert Putnam, who detect a collapse in civic engagement, thrive. Economic declinism awaits a literary champion.

For the British, economic angst is an occupational hazard of having started the Industrial Revolution. The world's economic top dog is condemned to relative decline as other countries grow, even in the midst of absolute growth in living standards.

The result is that excitable commentators experience a similar feeling to people in a stationary passenger train who are convinced they are moving backwards

when another train pulls out of the station.

The most thriving sub-branch of the declinist literary genre is the one that worries about the dwindling role of manufacturing, which now accounts for only 18 per cent of the UK workforce. The worry is more than a century old and has often been associated with calls for protectionism.

Here is the Conservative advocate of tariff reform, Joseph Chamberlain, in 1903: "Your once great trade in sugar refining is gone; all right, try jam. Your iron trade is going; never mind, you can make mouse traps. The cotton trade is threatened; well, what does it matter to you? Suppose you try dolls' eyes... believe me... although the industries of this country are very various, you cannot go on for ever. You cannot go on watching with indifference the disappearance of your principal industries, and always hoping that you will be able to replace them by secondary and inferior industries."

Britain's inferior (ie, growth) industries enabled the economy to expand at an annual peacetime rate of around 2 per cent for the rest of the century. Such concern about manufacturing is a replica of the 19th century worry about agriculture. Between 1816 and 1914 agriculture's share of gross national product fell from 20 per cent to less than 7 per cent. Many late Victorians and Edwardians were convinced that this sapped the nation's strength and would leave it vulnerable in the event of war.

Not so. The real threat was to the existing ruling class. For as the historian Lewis Namier remarked, the arrival of American wheat did more to change the composition of the House of Commons than the first two reform acts combined.

As for political corruption, there is plenty about - as usual. And any ethical decline in the relations between ministers and

industrialists is probably more than off-set by the cleansing impact of privatisation and liberalisation, which have reduced ministers' powers of business patronage.

Why is it that declinism in Britain is enjoying a renaissance today? Imperial overstretch is, after all, a thing of the past. We now suffer from welfare overstretch, reflected in endemic budget deficits. But so does everyone else.

Part of the answer is that the transmission mechanism that leads from economic growth to a sense of well-being has broken down. Bracing Tory radicalism gave confidence and share options to the business community, while failing to give ordinary people any sense of a stake in national prosperity.

In the workplace, aggressive human resource management has replaced paternalism. Resulting insecurity has not been mitigated by any sense of increasing wealth stemming from a soaring stock market. For while popular capitalism through privatisation has widened share ownership, few new owners have bought non-privatisation shares. Meantime, the standard occupational pension scheme delivers a pension related to pre-retirement pay, not to the underlying investments.

So the phenomenal rise in equity values has done more to cheer up pension fund managers and their company sponsors than pensioners. As for those heavily dependent on the state basic pension, the shift from a link to earnings to one with prices has excluded them from a stake in economic growth. Means-tested welfare, with its disincentives to work and saving, has made it difficult to re-integrate groups such as the unemployed and the homeless into the system.

If the Conservatives lose the coming election, it may be because their version of capitalism, for all its strengths, has delivered a feelgood factor to companies, but not to individuals. The Marxist alienation phenomenon experienced by workers on mindless production lines in the 1960s has been externalised: labour market insecurity and income inequality are its new manifestation.

Paradoxically, the Euro-scepticism that now splits the Conservative party may be a sign that confidence is returning to the British political class and that declinism may soon be on the wane. But that confidence has yet to percolate down to the British people.

The challenge for any incoming government is to discover a distinctively British way of doing what comes more naturally to the Germans and Japanese. In other words, to find a more humane form of capitalism that gives ordinary people what former chancellor Lord Lawson has called "a stake in the future".

This article is based on John Plender's book, *A Stake in the Future: The Stakeholding Solution* (Nicholas Brealey Publishing, tel: 0171-430 0224, £16.99), out next week.

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Ruby Wax - in real life

The previous night she had been on TV in a negligee showing a massive cleavage, sticking her hand into the trousers of a Belgian.



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Everything that golf lacked has been granted to this fresh-complexioned youth with a smile that could light up a coalmine.



Page XII
Destination Grand Central

Three huge windows have been unblocked, admitting a cascade of sun and revealing a view that New Yorkers have never known.

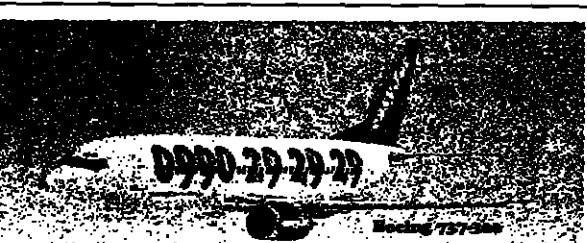
Page III Joe Rogaly
The country of my birth

Return trips to South Africa have been rare... but to go there today is to take a holiday from cynicism.

Page XX Arcadia
The chosen frozen people

I notice that none of the teenage girls are wearing Parkas. "Are you worried that Parkas make you look fat?" My sisters nod.

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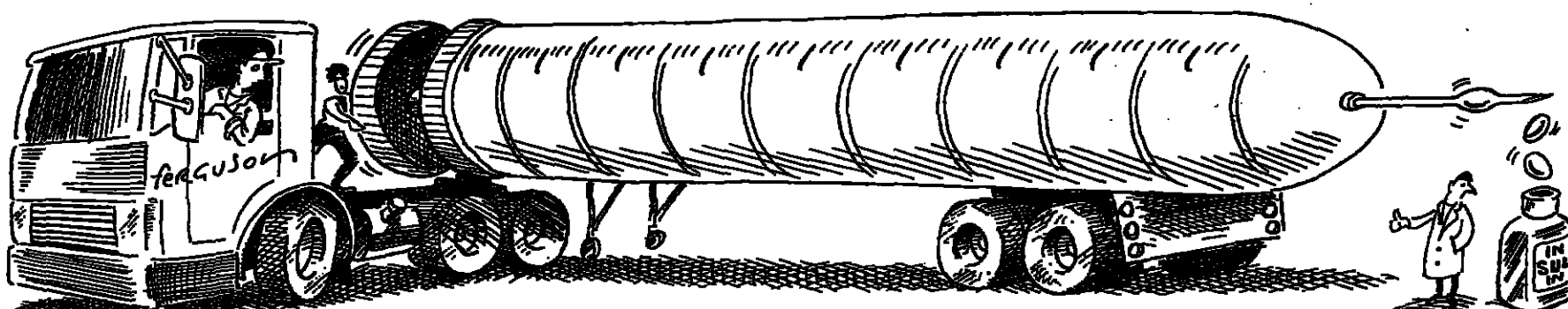
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PERSPECTIVES

The Nature of Things

Still getting the needle

The search is on for ways for diabetics to avoid the syringe, says Clive Cookson



The isolation of insulin 75 years ago by the Canadian scientists Frederick Banting and Charles Best was one of the most important life-saving discoveries in medical history. It converted insulin-dependent diabetes from a fatal to a treatable disease, and by the late 1920s many thousands of diabetics worldwide were injecting themselves with insulin extracted from pigs and cows.

At that time scientists were already looking for a more pleasant and less damaging way to administer the vital hormone, which enables the body to metabolise sugars. The challenge was to liberate diabetics from the tyranny of the syringe, by formulating insulin in such a way that it could be taken by mouth. They have not yet succeeded.

Admittedly, today's throw-away syringes with ultra-thin needles (and pre-filled injection "pens") are a huge improvement on the ground glass syringes of the 1920s. And the insulin itself — human hormone produced by genetic engineering — produces far fewer side-effects than the impure animal insulins available then.

But many diabetics still yearn for an alternative to

injection. A number of projects in the biotechnology industry, designed to deliver protein molecules, such as insulin, in other ways, are giving rise to cautious optimism.

Cortec International, a UK company based in Isleworth, west of London, and Inhale Therapeutic Systems, a Californian company in Palo Alto, have two of the most advanced projects. Cortec is just beginning clinical trials of "oral insulin", while Inhale is developing an alter-

native system, based on absorbing insulin through the lungs. All the medicines we normally take by mouth are small molecules, which pass into the bloodstream through the lining of the stomach and intestines, without being broken down by our digestive enzymes. But insulin — a much larger natural molecule — is quickly destroyed by the enzymes before absorption.

Past projects to develop oral insulin have involved coating the hormone in a protective layer, such as gelatin or biodegradable plastic, to prevent its quick digestion and then release it through the intestine walls. None has given sufficiently reliable doses of insulin.

Cortec's technology involves dispersing the insulin in an oil, which resists enzyme attack but carries it across the intestinal wall. Insulin does not normally dissolve in oil but Cortec scientists achieved this by sheathing the insulin in a

molecular coating of "amphiphiles" — jekyll-and-hyde compounds, with one end soluble in oil and the other in water.

An advantage of this formulation, the company says, is that it favours absorption into the "portal" vein, the same route taken by natural insulin produced in the pancreas.

Tests with pigs (the best animal model) confirmed that the MacroSol technology, as it is called, could deliver insulin consistently

to the bloodstream. Last year Cortec carried out the first human tests, with six healthy volunteers; the added insulin not only reached their bloodstream but also changed a key biochemical "marker", showing that it was having an effect on the body.

The next step, to be taken early this year, will be to administer capsules of the Cortec formulation to diabetic patients. If it works, there should be a fall in their blood sugar and rise in

circulating insulin levels. But several years of large-scale clinical trials will be needed to convince the regulatory authorities that it is safe and effective.

Cortec aims to develop oral insulin first for type II diabetes, the less serious form of the disease which occurs mainly in adults. These patients produce some insulin in their own pancreas, unlike type I diabetics, and are therefore more tolerant of varying doses of added insulin.

Michael Flynn, Cortec president, says that if oral insulin establishes a successful track record in type II diabetes, it might then be used in young type I patients to reduce the need for injections and delay the onset of disease.

Inhale of California is collaborating with Pfizer, the American pharmaceutical giant, to develop its "pulmonary delivery system". It involves breathing an extremely fine powder of insulin particles deep into the lungs, where they pass into the bloodstream.

The Inhale system has been tested on more than 100 patients over the past three years and is now beginning more extensive clinical trials. The company says that, unlike oral insulin, the pulmonary system is as reliable and reproducible as injections, so it would be suitable for Type I diabetics.

But as John Patton, Inhale's head of research, says, both oral and pulmonary routes will require long-term clinical experience before doctors can be confident that it is safe to transport insulin daily across the membranes of the lungs or the gastro-intestinal system. Given the history of disappointments, diabetics should not expect to throw away their syringes for some time.

Minding Your Own Business

Tending the blooms of the beautiful

Lisa Bransten meets a former hippy with five greenhouses who cares for the flowers of California's orchid lovers

Boarding schools around the world help the children of the rich and powerful to bloom into productive adults. Kennels mind their pets. But what to do about caring for their exotic plants?

That is the concern of Mary Nisbet who founded California Orchids as a place for people from San Francisco and the neighbouring suburbs in Marin County to send their orchids when the plants are not in flower.

In the 10 years since she started the business, it has grown slowly but steadily from 25 clients to about 270. Along the way the 44-year-old Nisbet has been forced to transform herself from a plant lover with almost no understanding of the cold hard numbers of business into an entrepreneur who brings in enough revenue to pay her growing staff.

She loves to take her wealthy clients around her greenhouses to show them what she has built in the tiny town of Bolinas, about an hour up the coast from San Francisco along a particularly testing stretch of Highway One.

"They think I [am] just some girl with a greenhouse," she says. "When they come out here they're shocked that I have a real operation with five greenhouses and 15,000 plants and five employees with paid vacations."

The business, which has grown entirely by word of mouth, has benefited from its stable of name-brand clients such as Robert and Colleen Haas, of the family that

founded clothing giant Levi Strauss.

Nisbet has also captured a piece of the exploding interest in orchids. Sales of potted orchids have grown threefold to \$90m since 1980, estimates Ned Nash, director of education and conservation at the American Orchid Society. He adds that Nisbet probably benefits from being near San Francisco, which is one of the leading floral mar-

'If I hadn't been so naive I never would have done it. I would have been too overwhelmed'

kets in the US. "It's arty, they're very much concerned with having beauty around them," he says. And equally importantly, he adds, "It's a very affluent city."

Even with a minimum charge of \$420 a year for about 9 sq ft in her greenhouse, Nisbet has a waiting list of about 15 people. And she has intentionally had to restrain the growth of her company to ensure that she can meet the demands of the clients she already has.

"Because it's a service business you have to limit what you're doing," she says. "When a new client calls, if I'm wondering 'When do I have time? Can I make room for them?' then I don't take them because I

won't be able to treat them well."

One factor holding Nisbet back is the location.

Bolinas has largely been forgotten by time since Vietnam protests and love-ins made headlines, and the residents like it like that. So wary are the locals of encroachment by the outside world that they constantly removed the highway sign marking the turn-off for their town. After years of replacing signs, the California Department of Transportation finally put the issue of a highway sign to a vote. Locals rejected the sign.

It is an agreeable environment for a self-confessed former hippy, and very close to her primary customer base in San Francisco, but it can be a difficult one in which to run a business. Many suppliers will not negotiate the steep winding road from San Francisco and the ones that do often have a hard time finding her.

The biggest problem, however, is finding capable, committed employees. "I'm constantly interviewing people who want to know what my sign is and think it would be so mellow working in a greenhouse," she says, "but they don't understand that it is a real job."

Certainly it is not something Nisbet envisaged as a job in 1973 when she left school in Illinois and set off for the University of Oregon at Eugene.

She did not have much in mind except maybe a degree in botany. "I was a hippy so I went to Eugene, which is where hippies went," she says. Of course she neglected

to determine if the university had a botany programme. It did not.

So she stumbled into orchid boarding very much by accident. First she got a job at a nursery in Eugene and later moved to San Francisco to work for one of the largest orchid growing operations in the US. From there she and a former boss formed their own boarding business.

The partnership failed but reasonably amicably and they each took half of their 50 or so clients to set up on their own.

But without her partner Nisbet was at sea. Bankers laughed at her when she approached them for a loan to buy the Bolinas property. She had no business plan and little understanding of the basics of interest rates.

To a certain extent her lack of business sense was a good thing, she recalls: "If I hadn't been so naive I never would have done it. I would have been too overwhelmed."

Ultimately she got a loan for \$50,000 to buy the property in Bolinas through a government programme for small businesses. She borrowed another \$50,000 from her father to fix up the greenhouses which had fallen into disrepair after years of use as a fuchsia farm.

Since then she has paid little attention to the business side of her operation, instead focusing her attention on providing good service and growing beautiful plants. Evidence of her lack of interest in the business side of the company is her inability to quote immediately the

percentage of revenues she pays out in wages or even her profits.

Of late, however, she says she has had to become more efficient at managing finances, making sure revenues continue to grow just to keep up with the rising costs of hiring more people.



Beautiful in flower: the Lady Slipper, one of the exotic species of orchids

she ploughs most of the rest back into the company.

"If I've made enough money to build another greenhouse then I think I'm a happening person," she says.

■ California Orchids, PO Box 306, Bolinas, California 94924

Truth of the Matter

We saw more danger than glamour

Former cadet Charles Batchelor says there are better ways of dealing with disaffected youth

The combined cadet force did not immediately appeal for Friday afternoon "club" activity when I reached the third form. The chess club had been my first choice. But after three weeks I transferred.

I do not recall being attracted by the uniform and the military trappings. It was more the sense that this was a more exciting outdoor activity than sitting in a dusty schoolroom moving chess pieces.

I signed up for the force's army section. The cleverer boys were attracted to the RAF, where afterwards were spent on calculations involving wind speeds and vectors, but this seemed too much like a continuation of maths.

Curiously, although Brighton is a seaside town and the sea was in clear view from what was then Vardean Grammar School for Boys (now a sixth form college) the school's combined cadet force (CCF) did not possess a navy section.

Did my distant experiences of this projection of the military life confirm the government's views that reviving the cadets would improve the character of Britain's youth? Or would it simply promote an

unhealthy interest in weaponry, which we should be attempting to discourage?

The army section spent much of Friday afternoons on map-reading, which was fine for a hiking fanatic, and on learning the parts of weapons. Less interesting, though oddly satisfying if you got all the bits of it right, was the endless drilling.

But for me the real joys of the cadet force were the "arduous training weekends", when groups of us would hike through the countryside for two days and nights. Sussex may not appear the most rugged of counties but crossing the Pevensey Levels in a snowstorm is no joke.

Half way through each weekend I vowed never again to submit myself to the aching shoulders, the water-logged boots and the fumbling with paraffin cookers. But as the next weekend approached the appeal re-



On parade: cadet uniforms mix with school uniforms during Charles Batchelor's schooldays. Would reviving the cadets improve the character of Britain's youth?

asserted itself: the satisfaction of completing the course; of carrying all you needed for your own survival on your back, of reaching the top of the final ridge. Summer holidays offered the choice of army camp but I missed several because of

the competing attractions of the scouts' summer camp. The CCF was never able to replace the scouts in my affections, perhaps because I came to it later and partly because it involved spending a lot of time with people who were not my closest friends.

The cosy domesticity of scout camp — always in the same field on a farm near Hailsham — contrasted starkly with the bleak army barracks where I lodged for a week in two successive years on Dartmoor and the flat landscape of Norfolk.

Army camp brought home the boredom involved in military life.

Although the then headmaster of Vardean was a former artillery officer and a stern disciplinarian there was not a military ethos to the school and the cadet force did not appeal to the stricter members of staff. One of the most inspirational of those involved, an English master, was the complete antithesis of anything military.

But he brought to the cadet force a wider view of the world and he was behind a series of foreign trips we made in the early 1960s. I went on two.

What did we learn from these experiences? There is no doubt we acquired a degree of self-reliance based on confidence about our ability to survive in the wild and an appreciation of the importance of team-working.

But did it mould our characters in the way the present

UK government clearly thinks is valuable? Not in any way which was specific to the military ideal. The fun and experience of hiking, canoeing and camping could have been gained from other youth organisations.

The funding available to the CCF meant some resources were available which were perhaps not accessible to other youth organisations.

It also offered the chance of UK and foreign holidays which were not so readily available then as they are now.

But much of the military trappings of the organisation were an irrelevance to us 13 to 16-year-olds and took up time that could have been better employed on other activities. The military approach to discipline and hierarchy had little enough relevance to us in the early 1960s and is likely to have even less today. A government which wanted to do

something to help disaffected youth would do better to give its backing to organisations with firmer roots in the local community such as youth clubs or scouts.

Did it have any negative effects on our impressionable young characters? There were opportunities for weapons practice and some boys became quite good shots. But the impression gained from this activity was that rifles were potentially very dangerous. No glamour attached to the ageing 300s we were allowed to use.

The CCF did not long survive my leaving school. It was disbanded in 1965, as the school history recounts, because of the difficulty in finding staff willing to act as officers. The new head, a man of impeccably liberal views, found a use for the disused firing range. He formed a School Rifle Club.

Chess No 1188: 1 Kc6! g1c5 Nbd4! (see that it Kc4! 3...d5? and 4 Nc3!) and 5 Nf5 creates an impracticable fortress. The BK is trapped at h5, while the Bc5 cannot win on b2-c3. The paradoxical 1 Kc6! prevents the BK from coming back to g1. move 3: if 1 Kc6 pg 2 Nc3! 3 Nc2 h5 4 Nf5! or 1 Kc4 pg 2 Nc3! 3 Nc2 h5 4 Nf5! and 5 Nf5! draws.

Handwritten signature or mark at the bottom of the page.

PERSPECTIVES

Joe Rogaly

Dazzled by the masters of the Cape

It's worth staying optimistic about new South Africa



To visit South Africa is to take a holiday from cynicism. I left the country of my birth in 1969, despondent about the future. Return trips have been rare. The last was in 1989, a few months before Nelson Mandela was released. This time, just a week ago, I awaited the president in an ornate antechamber. The stern faces of his predecessors lined the wall: Malan, Strijdom, Verwoerd, Botha... the lot.

The celebrated forgiver has not had the likeness of his fathers removed. The Union Building in Pretoria is just as President Mandela found it after he won the post-apartheid election in 1994 - imposing, monumental, directly facing the Voortrekker memorial across the hills.

In my trade you meet more or less as many big cheeses as you choose to. The appetite for such encounters wanes. Yet to confront this man turned me into a schoolboy in the presence of a star. One of our party had met him within the past year. The famous smile appeared. "I thought you might fail to recognise me," said the president. My quip - "Since I last saw you you went to jail" - was met with "I am very well aware of that".

Rumours that he is showing his age, losing his grip, seemed confounded. He spoke to us about the press, which should be critical, a mirror to the government - that as all politicians say, accurate. He was fluent, precise. A master of eye contact, each visitor was made to feel as if he was favoured. It must have been that way when he responded to the invitation of a *barmitzva* boy by turning up at the 13-year-old's ceremony, charming Johannesburg's Jews.

The following morning, along with three colleagues, I called on the vice-president, Thabo Mbeki. We sat on the back stoep of what had been former president F.W. de Klerk's house. Double doors off the drive, tennis court discreetly alongside. Through the spacious reception room to the glori-

Mandela turned me into a schoolboy in the presence of a star

ous Pretoria garden at the rear. My cousin remarked when I told him, that if I had asked him to bet against such a scenario five years ago I could have won a great deal of money.

Mr Mbeki echoed the president's theme of inclusiveness, of bringing people round. Everything he says in public is weighed carefully, for although he is the supposed dead-cert successor to Mr Mandela he has yet to grapple with the formalities. The matter will be decided at a special convention of the African National Congress at the end of this year. Another supposed candidate is Cyril Ramaphosa, of whom more later.

South Africans are quick to ask "what makes Mbeki tick?" As the next president he would be judged against a towering predecessor, a global legend. Yet he seems self-confident, widely read, possessed of a deep sense of the history of his country in general and the ANC in particular. He approaches every topic with a long run-up, going back to the beginnings of the argument, and taking you methodically forward, as would a tutor.

While Mr Mandela was in prison Mr Mbeki was in exile, subject to the orders of his party. In Lusaka the cadres initially lived on coupons alone; pocket-money was added later. You went where you were sent, undertook the task you were given. My teenage years were influenced by communists and fellow-travellers. This aspect of the ANC's past sounds Stalinist to my mature ears. Mr Mbeki acknowledges the socialist war in his party's history, but, I suspect, he regards the nationalist wool as the dominant one. We must hope that we see a new, capitalist, element creeping in.

The socialist-nationalist threads are kept intertwined by a common perception that white South Africans still run the economy and enjoy most of its fruits. You need spend only an hour in the Sandton Centre, a shopping megalith that owes more to money than taste, to see that. We gawped, along with streams of sun-fed young South Africans of whom only the merest sprinkling were black. If the Mandela-Mbeki administration is moving slowly to alter the balance, we

Black businessmen are few and far between, but are no longer rare

optimists may take that as evidence of its awareness of where the wealth of the country is created.

Too slowly perhaps? Mr Mbeki would acknowledge that the one-party state and nationalised economies have failed Africa. Yet the complaint voiced by many black South Africans echoes loudly: whites expect that the black government will not be successful.

The truth is that it is too early to tell. The ANC has been in power for a mere three years. Progressing at a pace that maintains social cohesion, gingerly seeking broad support for every move, does not promise the Thatcherite wave of quick privatisation that we outsiders look for. Against that, it may avoid disorder on a South Korean scale.

We must keep the positive note. Black businessmen are few and far between, but they are no longer as rare as orchids. Take Mr Ramaphosa. Until May last year this former leader of the mineworkers was known as secretary general of the ANC, the man who negotiated South Africa's new constitution. Today he is deputy chairman of New Africa Investments, the largest black-owned concern, and chairman of Johnnic, an industrial holding company developed in the Anglo-American stable.

When we met, around the table of a media business held jointly with Pearson (owner of the FT), the transformation from union leader to politician to boardroom presence seemed complete. South Africans like to speculate on whether Mr Ramaphosa will go back over his tracks. I cannot enlighten you. We discussed fishing. It seems there was this absolutely huge marlin...

I know the negatives. The level of violent crime is terrifying. It has always been there, in the townships. Now that it is beginning to touch the suburbs, the whites are afraid. Well-educated blacks are in short supply and some young white achievers carry exit papers in their pockets. It will be near-impossible to grow the economy as fast as the population.

Enough. It is easy to doubt I am still heady with memories of three outstanding new South African leaders. While my head spins, "the cape of good hope" it is.



Ruby Wax: 'Are they getting sick of me?'

Lunch with the FT

Ruby Wax - the real thing

But she wasn't looking or sounding on form. Lucy Kellaway finds her guest being far from loud

Could the Financial Times provide a car to take Ruby Wax home after lunch, the publicity woman at the BBC had asked. We don't have cars, I told her, and suggested Wax could take a cab. The problem, she explained, was that Wax could not be expected to get her own cab or to pay for it. In that case, I said, I would find her a taxi and give her some money. Thus the difficulty was resolved.

"Hi!" said Ruby Wax, when we met a couple of days later at Nico Central. "You work for the Financial Times, right?"

Right, I said. "I've got a question to ask you. I thought maybe someone at the Financial Times would know a personal investor guy."

I said I didn't know anything about personal finance, but that I might be able to ask around.

"I'd really appreciate it. I'd like four or five names of people who are good at this investment stuff. I'll give you my home number."

Up-front and getting what she wanted only three minutes into our lunch, Ruby Wax was behaving true to form.

But she was neither looking it nor sounding it. The previous night she had been on television in a nag-lige showing a massive cleavage, sticking her hand into the trousers of a Belgian celebrity called Jean Claude someone or other. But the woman who faced me was a slight figure huddled in a black overcoat wearing horn-rimmed glasses.

Far from being loud, she was hard to hear above the busy clatter of one of London's smarter restaurants. We looked at the menus, but Wax could not decide. "I gotta ask him," she said, attracting the attention of the waiter. "What do you think is a great starter that's not too fattening?"

He recited a list of incomprehensible dishes. "So those are your faves?" she said. "Look, I'm cold. Could we move to a table around the corner? I've just had the flu." Our new table was even colder and by the back door. She huddled deeper into her coat.

"So who else do you interview?" she asked me. "Like, anyone?" I mentioned a few names and then asked how she felt being at the receiving end of so many interviews. She bristled. "I don't do that many." But I read at least three last week, I insisted.

"Like, where? It's not like

I'm doing this all the time." I was getting a weird sense of déjà vu. On the previous evening's show she had done a sketch with actor Tom Hanks in which she pretended to be the thin-skinned, temperamental celebrity. Was she still acting the part?

The waiter brought her a lump of something beige covered in bearnaise sauce. "The wrong choice," she said.

I asked if she was finding it increasingly hard to get people to go on her show.

"Why should I? It's not, like, we are running out of options. We could have had Winnie Mandela in this series. But she had a trial."

"With Winnie I wouldn't be joking," she went on. "If I think someone did something terrible I can't have a grin on my face. I have morals, you know."

But what about Imelda Marcos? Wax had grinned throughout that interview, and surely Imelda did do something really terrible.

"I don't know if she did. It may be she is so in her celebrity head, she didn't realise what was happening. How can you blame her for that?"

I suggested that being in one's "celebrity head" to that extent was pretty culpable, but she did not agree. "I always do a lot of research first. If I get Margaret Thatcher, I'm not going to say: where's the fridge?"

Fergie, I pointed out. "It was only three seconds, and she could have cut it out. Look, I let them have editorial control. They can take out what they want."

She popped a piece of chewing gum into her mouth. "Antacid," she said. "Because I was sick."

I say I would like to see her being straighter: funny but not over the top, and interviewing more serious people.

"You're right," she went on. "You're very observant to say the next phase is to cool it. Do you want to work as my researcher? You could be my director or my producer. We'd pay you a lot."

Was this a joke at my expense? I said I already had a nice job, thank you.

We talked again about her present series, and suddenly she said: "Are they getting sick of me?"

Good heavens woman, I wanted to say. You are funny, successful, pretty, rich, happily married with three children. Why do you have to be so neurotic?

But instead I made matters worse by saying that

our secretary at work had missed the beginning of the Tom Hanks interview and therefore had not realised it was a set-up.

She stared at me stony faced. "I didn't think people could be that stupid. You should fire her. What am I meant to do, put up a sign on the screen saying: THAT WAS A GAG?" Was this in itself a gag? I didn't think so. I said our secretary was very efficient.

The waiter cleared the main courses; we had both had under-cooked fish on lukewarm peppers. The chewing gum went back in, and she pulled a face. "This place used to be good."

She declined pudding and ordered coffee. By now the place was boiling hot and Wax took off her coat. I could not help noticing that her real chest in a clinging red jumper bore little relation to the cleavage of the night before.

"It was a bullet bra," she explained. They sell them at Nieman's. I wouldn't wear it in real life. It'd change your relationship with the world."

Still on the subject of her body, she told me how she came to be so slim. "I had something wrong with my back and the doctor gave me steroids. The next day I had a tube down my nose and my stomach pumped for five

days. It's a very good way of losing weight. But expensive. I didn't pay for it myself, thank God!"

Shifting the conversation, I asked if she had seen the interview in Hello! done by Fergie with fashion designer John Galiano.

"I don't read Hello! - well I sometimes look at it on the toilet."

But surely it is required reading for anyone interested in celebrities.

"I know you're being camp now," she said. "Hello! is nothing to do with what I'm doing. I am interested in knowing how they are affected by things. I watch their eyes. I'm not interested

in the accoutrements."

This wasn't strictly true, as her greatest coup was getting Fergie to show her drawers full of colour-coded T-shirts. But I did not want to upset her further, so I kept quiet.

"You'll tell people my show's on Monday nights," she said as the bill came. "Because otherwise they won't know. It's not a good slot."

"Is my taxi waiting?" she asked. I said I would hail one right away, and she warned me she didn't have any money.

I slipped a £10 note into her hand, saw her into the cab and waved goodbye.

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Tell people my show's on Monday nights' she said

PERSPECTIVES



Falling into ruin: the white church in Viscri, one of the many fortified buildings of the ethnic German community in south-eastern Transylvania

Victor Mues

The Saxons' last stand

One community may be dwindling, but it has never had it so good. Virginia Marsh explains

On Sundays, the few remaining ethnic Germans in Viscri, a small settlement in central Romania, climb the hill that overlooks their Transylvanian village to ring the bells and celebrate mass in their magnificent medieval church.

They are among the last representatives of an 800-year-old Saxon community, the end of which – thanks to the collapse of the Iron Curtain – is fast approaching.

As soon as the borders between east and west Europe came down in 1990, ethnic Germans in Romania emigrated at the rate of thousands a month. Now, a minority that numbered 800,000 in 1989 has dwindled to about 80,000 and some of Europe's finest medieval village architecture is falling into ruin.

Surrounded by tall stone walls with four timbered towers, the white church (the village's name comes from the German *Weisse Kirche*) is just one of hundreds of fortified churches and settlements that adorn the hills of south-eastern Transylvania, in the heart of the arc formed by the Carpathian mountains.

The Saxons were brought to the region by Hungarian kings in the 12th century to colonise the area and defend the borders of Christendom against the Turks who held sway on the other side of the mountains in Wallachia, one of the three main provinces that make up modern Romania.

Their descendants farmed the fertile land, grew rich out of east-west trade and built the seven cities of the Siebenbürgen – the German name for Transylvania. For centuries, they lived alongside the region's ethnic Romanian and Hungarian populations but retained their traditions, forming a pocket of German culture in a remote part of the Habsburg empire.

"For Christmas 1989, there were 340 souls here," says Sara Dootz, guardian of Viscri's church, pointing to the pews once allotted to the different gender and age-groups. "But by the end of 1990, there were 150 Germans. Now we are down to 40 and we all sit together, men and women, on seats at the front."

It is a tale repeated throughout this part of Transylvania, historically the most developed and ethnically mixed of Romania's three provinces.

Villages, which just a decade ago were home to close-knit German communities, lie half-deserted. The once immaculate houses that line the main thoroughfares of the Saxon settlements, joined to each other by common walls and high wooden gates, have been abandoned by the Germans that lived in them for generations. Their coloured facades are crumbling, windows are broken and the terracotta roof tiles have begun to slip.

In place of the Germans there are now gypsies, Romania's most populous and poorest ethnic minority, and a people with different traditions. In Viscri, as well as 120 ethnic Romanians, there are 300 mainly unemployed gypsies, many of whom live in tumble-down shacks in a muddy field on the edge of the village.

Dootz, whose granddaughter is the only ethnic German child left in Viscri, traces the beginning of the end of the community to the second world war. Many ethnic Germans enlisted in the Waffen SS, the overseas division of Hitler's army. Those who survived the fighting, and



"They were wrong to leave": abandoned homes in the Saxon settlement of Viscri

the rest of the German community, were singled out for special punishment by the Soviet-backed Communist regime which took power in Romania after the war.

Their land was confiscated, before the rest of the population's was collectivised, and tens of thousands of ethnic Germans were deported to Siberia, where many died after being forced to work in mines.

"They came and rounded up almost all adults under 40, including my future mother-in-law. Families were destroyed overnight," recalls Dootz. "Many of those that survived went to Germany, once they were freed in the 1950s."

Then, in the late 1970s, alarmed at increasing repression from dictator Nicolae Ceausescu's regime, Bonn agreed to pay Romania several thousand marks for each ethnic German it allowed to emigrate.

Over the next decade, an average of about 12,000 people left officially each year and by 1989, less than 300,000 remained. Many of those wasted little time in joining their relatives in Germany after Ceausescu was executed on Christmas day 1989 – 110,000 left

in 1990 alone – a movement of people on a scale rarely seen in peacetime.

After 1989, a monuments office was set up to list and protect historical sites, including the Saxon churches. But it was later disbanded by the former Communists who governed Romania until last year.

The official reason was budget cuts. Art historians say, however, that the government, which included extreme nationalist parties, did not attach much importance to preserving the Saxon architecture. The German government is financing a little restoration work as well as a team of researchers to visit every Saxon settlement and record the most important sites.

Ina Postavaru, one of the researchers, says the church in Viscri is one of the monuments the team believes should be listed as soon as possible. It is one of the best preserved and oldest fortified monuments and was constructed around the remains of a 12th century chapel, probably built by the Szekelys, a Hungarian-speaking tribe that also settled in the area, mainly in a region to the east of Viscri.

Although the rate of emigration has slowed in the past two years, in many other Saxon villages there are already no Germans left or only a few isolated old people without the resources to preserve their churches.

In Viscri, however, Dootz and the remaining Germans are determined to maintain the white church and to preserve what they can of their community.

Situated at the end of a muddy track, several kilometres off the main road, the village, like most in Romania, is a throwback to another age. There is no running water and, until the recent donation of a switchboard from its Belgian twin town, the only telephone was in the post office. The main form of transport is the horse and cart.

Inside the church, Dootz points to the huge vaults where the Saxons used to store grain and to the room inside its thick walls where, until a few years ago, each family hung its side of bacon on a numbered hook.

On the way home, she singles out the houses, abandoned by relatives, which she looks after with her daughter, Caroline. Once inside her courtyard, she feeds the chickens as well as the 12 cats left behind by her former neighbours.

She says the ones who left should have stayed. Since 1990 the Saxons, like other former property owners, have been given back their land and have formed a private farming co-operative. Many also raise animals.

"We Saxons have never had it so good," she says. "In Germany, life is very different to that in the village and our people have to fight to survive."

In the summer, cars with German number plates are a common sight in villages such as Viscri as the Saxons return to visit their former homes. An office has been set up in Sibiu (or Hermannstadt), one of the seven Saxon cities, for those who want to return permanently. Hardly any have, often because their children have adapted to life in the west but also because, with so few ethnic Germans left, it is too late to rebuild.

"We are so forgotten here. It is the end," says Dootz. "But how could we abandon our old folk and our church which took so long to build? Those of us left will die here."

Carole Huang, of Christie's Taiwan, adds that for Chinese people the colour red signifies good fortune and happiness.

"I'm not the type of person who can drink a lot but I really enjoy the culture of wine – how wine is drunk with meals, and how you choose wines to complement the taste of different foods," says Chen, who estimates his 20,000-bottle collection to be worth between \$5m and \$6m.

He reckons that Taiwanese are just beginning to realise that cognac is meant to be savoured,

not slugged, as is the practice – a hangover from Chinese drinking habits necessitated by the many fiery brews not palatable by any other means short of intravenous transfusion. "But people realise this is not the culture of wine so they won't force you to *ganbei*," he says.

Taiwanese wine drinkers have quickly moved up the learning curve, says Caleb Jackson, partner-owner of Capone's restaurant, the single retail sales outlet of wine in Taiwan. "A few years ago, people were adding ice cubes to red wine and mixing cabernet with ginger ale. They couldn't handle an oaky wine. Now they want something with more character."

When Chen started his collection seven years ago, he was among Taiwan's first. Now there are more and more younger collectors – early to mid-30s – com-

ing into the market, says Huang. While the top connoisseurs confine themselves mainly to French vintages, younger collectors are more adventurous in taste, ranging to Californian, Italian and elsewhere. For the moment, however, fashion is determining taste rather than the other way around.

Huang expects the recent escalation in wine prices – spurred by collectors from Hong Kong and south-east Asia – to continue in Taiwan – to continue in the second and third generations of big business groups. Chen reckons wine prices have risen 15 per cent recently, "so he will not hesitate to buy for the next few years. I'm sure it's hard to say whether he is a collector or an investor," he says.

In any case, retail prices which are double or triple those of the proving no deterrent to the age wine consumer. "The belief is that it's expensive, it's good," says Jackson.

Health fund lives to a ripe old age

Nicholas Timmins looks at the King's Fund's history of contradictions

What do you do when you have £140m of assets in the bank, were founded by the Prince of Wales in 1887 to celebrate Queen Victoria's diamond jubilee, and are charged with supporting the health care and hospitals of London?

The answer, over a century, is a myriad of seemingly contradictory things from the mundane to the magnificent: design the dozen of hospital beds, a once ground-breaking design which was one of the first to have wheels, height adjustment and storage space for bed clothes – a model seen on every National Health Service ward and of which the NHS still buys 10,000 a year.

Help shift King's College Hospital south of the Thames, to expand the hospital service to the poor of Camberwell; later cause consternation by proposing the closure of 15 of the capital's hospitals to improve its health care.

Help found Private Patients Plan, now Britain's second biggest private medical insurer, then argue vigorously for the retention of the tax-funded, free-at-the-point of use NHS as one of the most cost-effective and equitable health-care systems in the world.

Create and, for a long time, run the Emergency Bed Service, a telephone bureau which helps family doctors find beds for their patients. And worry, endlessly, about what you are there for and what to do in the future.

Next week the King's Fund, as the Prince of Wales' Hospital Fund for London became known once Edward VII had taken the throne, comes full circle. After the first 50 years supporting philanthropy and the voluntary hospitals, attempting to preserve them from state or local government control, it celebrates its centenary on February 6. It has spent the last 50 years chivvying and harrying the NHS, criticising, analysing and stimulating a system which once it resisted.

The fund's foundation lies deep in the history of UK health care. In the late 19th century, care of the sick was broadly divided between the voluntary hospitals and a patchy network of parish-run infirmaries and fever hospitals. The latter owed their origins to the Poor Law workhouses in which no one wished to be.

The former, which included the great teaching hospitals, were charitable foundations, originally set up to treat the poor. They were, however, permanently strapped for cash. "If these institutions are to be saved from state or parochial control," Prince Edward declared, "their financial condition must be secured."

In its first year, the fund raised £227,000, providing the start of the capital base which allows it to spend from its investments rather than annual fund-raising.

For many years it operated to good effect, always attaching conditions of reorganisation and improved management to aid, which at times made up 10 per cent of the voluntary hospitals' income in London.

In a world of advancing and more costly medicine, however, the fund and philanthropy alone could not sustain them. When the 1948 Labour government proposed nationalisation, the fund reluctantly acquiesced, preferring, like the doctors, national control of hospitals to that of the only other alternative – local government.

Grant-giving continued, but with the NHS dwarfing its

activities, some of the fund's purpose was removed. It entered what its historian Frank Prochaska has dubbed a period of "decent anonymity", designing the famous bed, providing some of the early stimulus for hospices, studying and improving NHS accounting and catering, and training hospital administrators.

Its work retained a London focus, but with its grant-giving role reduced and its own research and training activities growing, it had an increasingly national impact.

After 1989, and the arrival of Robert Maxwell, its present chief executive, the fund's profile rose again and its activities have diversified markedly. Today it is a unique institution with no clear parallel elsewhere in the world: part grant-giver, part think-tank, part training college, a stimulator of projects aimed at improving health care for ethnic minorities and the homeless, part a consultancy and audit organisation.

During the frenetic period of the NHS reforms, the then director of its management college, Gordon Best, had the



A new role – but what role? The King's Fund celebrates its centenary

dangerous distinction of advising both Duncan Nichol, the NHS's chief executive who was implementing them, and Robin Cook, the Labour health spokesman dedicated to opposing them.

There remain throwbacks to the past. Thirty years on from the original King's Fund bed, it is designing another, fit for the 21st century.

Its independence, and its lack of a single "corporate view", make it an important resource in the highly politicised world of health-care management and reform. But its very diversity leads many to charge that it lacks focus and needs to re-think its role – although few of its critics can agree on what that role should be.

The centenary, the turn of the century, the likelihood of a change of government in the UK and the impending appointment of a new chief executive, all create "a natural point to reconsider", Maxwell concedes. "There will be some new directions, there's no question about that."

A hundred years on, however, the fund remains an institution which if it did not exist, many would like to invent.

Hard liquor gives way to wine

The fruit of the vine has taken Taiwan by storm – and hang the expense. Laura Tyson reports

It was not very long ago that after-hours chugging of expensive cognac in dank and dimly lit karaoke parlours, replete with scantily clad hostesses, was *de rigueur* in Taiwanese business circles.

Now the libation of choice among the would-be fashionable classes is wine, preferably French or California red. And these days it is more often leisurely sipped in a posh restaurant or a Chicago-style bar redolent of cigar smoke or one of a myriad wine bars that have sprung up across Taipei, or even at home over Chinese dinner than gulped to ritualistic shouts of "Ganbei" (bottoms up) once so essential to clinching that coveted business deal.

"It's amazing the speed at which wine is displacing cognac in Taiwan," says Wood Chen, who heads an electronics company and collects wine. "Wine started to really become popular about one year ago and consumption of cognac has fallen dramatically ever since."

At the vanguard of the red wine craze sweeping Taiwan are luminaries of the country's busi-

ness elite, such as tycoon Jeffrey Koo of the influential Koo family. He is said to have brought in large quantities of a preferred French vintage on his private jet.

Prominent collectors such as Chen and Kenneth Lo, president of Chinatrust Commercial Bank, Taiwan's biggest private bank, occasionally gather for a dinner party and share over the course of an evening several bottles of rare wines costing as much as \$10,000 apiece.

Many leading political figures, too, have acquired a fondness for the fruit of the vine which, it has been said, makes them susceptible to the occasional gift of a case or two of premium vintage Chateau-Lafite or the like from businessmen desirous of favours.

The wine-fabulous trend – fortified by news reports extolling the healthful virtues of moderate

wine drinking – is fast trickling down to *hot-pot*, with department stores, supermarkets and even coffee shops offering free tastings for customers, accompanied by the patter of a sommelier.

Now that upstanding business drinkers are deserting the hostess bar – no doubt spurred by a moderately concerted crackdown on red-light industries by police authorities – the male-bonding culture of drinking is fast dissipating. Whereas women were once almost universal in abstaining from hard liquor, they like wine – and this has a dramatic effect on sales.

According to figures provided by the state alcohol monopoly, wine imports jumped 73 per cent during the second half of last year compared with the same period in 1995. Nearly half were French wines, and about a quar-

ter American. In December alone, wine imports rose 82 per cent.

Traditionally Chinese tastes in grape wines have tended towards the sweet, even syrupy end of the flavour spectrum; thus a substantial

adjustment in palate is required to appreciate western wine.

At least three out of four bottles of wine sold in Taiwan are red. Why the preference? "Chinese believe that dark alcoholic

beverages are *bu* – or nutritious," explains Jimmy Chiu, who runs Innover, Taiwan's biggest wine importer.

"Also, many wine drinkers started out with cognac, which also has qualities such as age, colour and oaky flavor. So red wine is easier for them to appreciate than white."

Carole Huang, of Christie's Taiwan, adds that for Chinese people the colour red signifies good fortune and happiness.

"I'm not the type of person who can drink a lot but I really enjoy the culture of wine – how wine is drunk with meals, and how you choose wines to complement the taste of different foods," says Chen, who estimates his 20,000-bottle collection to be worth between \$5m and \$6m.

He reckons that Taiwanese are just beginning to realise that cognac is meant to be savoured,

not slugged, as is the practice – a hangover from Chinese drinking habits necessitated by the many fiery brews not palatable by any other means short of intravenous transfusion. "But people realise this is not the culture of wine so they won't force you to *ganbei*," he says.

Taiwanese wine drinkers have quickly moved up the learning curve, says Caleb Jackson, partner-owner of Capone's restaurant, the single retail sales outlet of wine in Taiwan. "A few years ago, people were adding ice cubes to red wine and mixing cabernet with ginger ale. They couldn't handle an oaky wine. Now they want something with more character."

When Chen started his collection seven years ago, he was among Taiwan's first. Now there are more and more younger collectors – early to mid-30s – com-

ing into the market, says Huang. While the top connoisseurs confine themselves mainly to French vintages, younger collectors are more adventurous in taste, ranging to Californian, Italian and elsewhere. For the moment, however, fashion is determining taste rather than the other way around.

Huang expects the recent escalation in wine prices – spurred by collectors from Hong Kong and south-east Asia – to continue in Taiwan – to continue in the second and third generations of big business groups. Chen reckons wine prices have risen 15 per cent recently, "so he will not hesitate to buy for the next few years. I'm sure it's hard to say whether he is a collector or an investor," he says.

In any case, retail prices which are double or triple those of the proving no deterrent to the age wine consumer. "The belief is that it's expensive, it's good," says Jackson.

BOOKS

Hooked on a trumped up pack of lies

A.C. Grayling on why tarot cards have been so successfully adapted for occult purposes

Credulity, insecurity and desire form a potent combination in the human psyche. Together they make us eager to believe any nonsense if it purports to yield a glimpse of the future, or offers even the slenderest hope of success in love or fortune. On this rests the livelihood of many tricksters and charlatans – the crystal-ball gazers, palmists, astrologers, and readers of tarot cards.

A WICKED PACK OF CARDS: THE ORIGINS OF THE OCCULT TAROT
by Ronald Decker, Thierry Depaulis and Michael Dummett
Duckworth £35, 308 pages

In 1980 Michael Dummett published a book on tarot, a complex card game invented in the 15th century. Some what like bridge, it turns on capturing tricks. Originally called "trionfi" ("trumps") or "trumps" it involves – as the name suggests and again like bridge – trump cards which can capture tricks by outvaluing other cards played to the table.

The standard tarot pack consists of 78 cards, of which 56 are distributed into four sequentially numbered suits called Cups, Coins, Swords and Bats, each of which has four Court cards (a Knight joins the usual three). The remaining 22 are unsuited picture cards, and they constitute what is distinctive about the tarot pack. One, the Fool, stands by itself; the other 21 are numbered in sequence and depict such subjects as a Hanged Man, a Devil, a Wheel of Fortune, the Moon, a Pope, and an Emperor. In first discussing tarot and its history, Dummett took pains to distance the game from occult and divinatory uses of tarot cards. Recognising that his strictures have not been heeded, he here returns to the fray, aided by two collaborators, to show definitively and finally that occult applications of tarot cards are not only bunkum but exceedingly recent bunkum, dating from the late 18th and early-19th centuries.

So successful is their onslaught that the authors not only demolish the occult tarot but (so to speak) the whole house of cards involv-

ing magic, alchemy, Rosicrucians, fortune-telling, and the rest of the so-called "Higher Sciences" invented by feeble intelligence. They do so by implication, almost as an aside, for merely to know how these imaginative theories arose, and how they came to be applied in the occult use of tarot cards, is to see them for what they are.

One of the chief among many fascinations in this book is its history of the "Higher Sciences". It also sheds interesting light on the history of science proper: for example, it shows that Robert Boyle called his book *The Sceptical Chemist* for good reason: he was highly sceptical of the alchemical pretensions of his day.

If a single individual is responsible for the current popularity of the occult tarot it is Eliphas Levi (1810-75), who synthesised the ideas of 18th-century predecessors into an elaborate theory. Those predecessors – such men as Court de Gébelin and "Eteilla" (a Parisian entrepreneur called Allette who first coined the term "cartomancie") exploited the heady mixture of Hermeticism, Rosicrucianism, alchemy and the Cabala first brewed in the Renaissance, and added a mystical form of more recent interest in Egyptology.

Among the resulting beliefs were that tarot cards constitute a secret book of the universe, from a reading of which everything can be learned.

We think of 18th-century France as the crucible of Enlightenment, yet it was simultaneously awash with Freemasonry and interest in the occult, especially in the latter half of the century. There is no contradiction here; every movement of thought carries its opposites with it.

Levi developed a theory out of this rapidly evolving "tradition", formulating a Cabalistic tarot in opposition to Eteilla's Hermetic one. But it was left to a disciple, one Gerard Encausse, who called himself Papus (1856-1916), to popularise it, for whereas Levi had few literary skills, Papus could write. He systematised Levi's teachings, and his writings inaugurated the main stream of occult tarot practise known today.



'The Star' from the Marseille pack: one of the more benign nonsuited picture cards in the tarot pack

The key to the tarot pack's occult use is the enigmatic and somewhat chilling array of figures on the trumps, the private meanings of these figures are now lost. This of course is exactly why they are so apt for occult purposes. The

frisson. In his first book Dummett argued that whatever they meant to their first devisers, the private meanings of these figures are now lost. This of course is exactly why they are so apt for occult purposes. The

recipe for nonsense is: take something strange-looking, whose meaning is now forgotten, and liberally stir in imagination and superstition. The authors tell an absorbing and surprising tale. It

is not over: a forthcoming second volume promises to extend the story beyond Papus and France to the 20th-century Anglophone world, where the occult tarot now vigorously flourishes.

Politics? a piece of cake

Heinz Schulte reviews a biography of Helmut Kohl

In October 1996 Helmut Kohl became the longest serving Chancellor in post-war Germany, having even overtaken his political mentor and first Chancellor of the Federal Republic of Germany, Konrad Adenauer. As was to be expected, an array of books and pamphlets has been published hailing the chancellor of German unity. Titles such as "I always wanted German unity" smack of political justification after the event.

Yet the occasion of Helmut Kohl's anniversary in office has been sombre. Instead of celebrations, an economic hangover has gripped Kohl's coalition government. Meeting the Maastricht stability criteria in 1997 for the introduction of the European currency is no longer a foregone conclusion in Germany. Some observers compare the current Kohl reign to the final days of Margaret Thatcher in Downing Street. While there is no Brutus in sight to sink in the political knife, distinct rumblings in the ranks of both the junior liberal coalition partner (FDP) and Kohl's own Christian Democratic Party (CDU) are discernible.

One book does the inevitable flood of jubilee memorabilia: the Bonn based journalist Karl Hugo Pruys – not necessarily a member of the Helmut Kohl Appreciation Society – has written a detailed biography called *Helmut Kohl – Genius of the Present*. Elegantly translated into English by Kathleen Buntin, the book also contains an essay by Jean-Paul Picaper. Le Figaro correspondent for Germany, on the Franco-German agenda written in masterly gallic prose.

Pruys knows his subject well, having been CDU press secretary between 1974 and 1977, at a time when Helmut Kohl was already CDU chairman. Writes Pruys, "Helmut Kohl, an icon? The stuff of legends surrounding him seems to be on the upsurge since he was re-elected chancellor for the fourth time in 1994... It is still true that Kohl does not stand for a particular policy, nor for a concept, a specific programme, a Weltanschauung or philosophical credo, vision – call it what you will. He is a pragmatist *comme il faut*, the 'genius of the present'... Kohl has never expressed an idea which was worth pondering for more than two minutes. He has not written any programmatic books, which, above and beyond memoirs, almost all his predecessors have done... Therefore it is quite fitting to say that Kohl does not write books, but history."

Pruys sketches the early years of Kohl in the political province and his slow but steady climb up the hierarchical ladder in the CDU. The two achievements of Kohl, the successful implementation of the dual track missile decision and the robust realisation of German unity, are dealt with by Pruys *in extenso*.

The strength of this book, however, lies in the way Pruys details the domestic politician Helmut Kohl. It is in Germany's arcane arena of domestic politics that Kohl is the undisputed ringmaster. In the context of the Maastricht debate especially, Kohl understands that the 1998 elections will be won in the provincial German towns and not in Paris, London or Amsterdam. According to Pruys, "Politics is an existential question for Helmut Kohl, quite literally. Although it is difficult to describe in detail, he is sort of like a monster who feeds spiritually in an ominous way on the substance of politics and the people who are part of it. This may have caused some of his colleagues who left him or who were 'cast off' by him to reach the damning conclusion that he is a cynic without parallel."

Pruys also describes the day Kohl arrived as party chairman in Bonn: "Before Kohl sat down at his desk on the tenth floor of the CDU skyscraper in Friedrich-Ebert-Allee to familiarize himself with his work, he first considered his eating habits. There was a café near the party headquarters where he could buy his strawberry cake and cream for DM17 (out of his own pocket). He would hand the cake out to the secretaries in the reception area, who were completely unused to such jovial treatment of personnel." To understand the politician Helmut Kohl is to appreciate "Helmut Kohl the Indulgent."

In that sense, his book is an agonised and not wholly successful attempt to promote not so much "fat acceptance" as a modified form of self-loathing, but the full-bodied appreciation of fat which existed in previous centuries.

There is a slight sense of displacement here, as though Klein finds it easier to admire other people's rotund flesh, especially when it carries the label "art", than his own.

But his other message, that people would feel happier with themselves (and might even be thinner) if they ate what they wanted, when they were hungry, instead of alternately fasting and bingeing, seems incontestable.

In developed countries and especially the US, human beings have lost touch with their appetites, leading to a situation where they munch snacks throughout the day instead of regular meals when they are hungry. *Eat Fat* is a rare attempt to break this habit and, unlike most diet books, it does it in a thoroughly engaging and original way.

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Books about air safety, whether fact or fiction, guarantee scarification in the reader. Both Michael Crichton's thriller *Airframe* and Nicholas Faith's investigation into the causes of air-line crashes, *Black Box* (an adjunct to the Channel 4 series of the same name), solemnly reiterate the truism that travelling the skies is statistically safer than going by sea or road.

Yet we fear flying: as the crash investigators quoted in Faith's book point out, flying is a humanly unnatural act and thus air disasters are viewed with a mixture of fascination and fatalism similar to that which greets natural catastrophes.

The common reaction is ruthlessly exploited by both authors to keep us engrossed and to give us a terrified twinge the next time we strap ourselves into a large metal tube with wings.

Airframe is a typically compulsive page-turner from the man who has made a best-selling career out of playing on contemporary neuroses. Here, Crichton dazzles the reader with enough pre-masticated technical details and cliff-hanging chapters to mask the essential absurdity of the plot.

The story concerns the investigation into a mid-air accident aboard a "Norton N-22" jet, in which the aircraft was shaken so badly that three people died and most others on board suffered horrendous injuries. Was it human

Fear of flying

Nick Curtis on two books to avoid buying at airports

error or mechanical failure? It is the job of Casey Singleton, Norton executive and resilient, all-American single mother, to find out. Her investigations are complicated not only by the turn-of-mind of the media but also by sinister goings-on at the Norton plant.

This is Crichton's skill and also his downfall. As in previous novels, he plays like a master on common fears while easing the reader into an unfamiliar world: behind this, though, there often looms the suggestion of a dark conspiracy that makes no sense at all.

The parts of the book that deal with the painstaking process of testing the aeroplane, tracking the provenance of minuscule parts, and piecing together the flawed information supplied by Flight Data Recorders, are gripping. I tore through the book's 352 pages in around four hours, happy in the company of the likeable Casey and was only slightly disappointed by the patently absurd denouement.

Crichton has the ability not only to take you into the detailed world of air safety

investigation, but into the fuselage of a pitching plane itself. With such attributes, who cares if the plot is revealed to be daft?

In *Black Box*, Nicholas Faith has no need for

AIRFRAME
by Michael Crichton
Century £16, 352 pages

BLACK BOX
by Nicholas Faith
Boxtree/Channel 4 books, £14.99, 192 pages

external threats or murky conspiracies; the events and statistics listed in his litany of death and disaster speak quite scarily enough for themselves.

Black Box is a cogent, and comprehensive, if somewhat morally suspect attempt to analyse the causes of air disasters. Recording hideous crash after hideous crash, he teases apart the many, often related, factors that combine to bring a plane down with huge loss of life.

The cover describes it as "the book every air traveller should read". I somehow doubt that many copies will be shifted in airport book-

shops. *Black Box* is a tough, stodgy read, but an alarming one nonetheless.

Most of Faith's data comes from interviews with crash-scene investigators – or "tin-kickers" – from the Channel 4 series *Black Box*, backed up by meticulous archive research. He lacks Crichton's common touch, and in quoting many tin-kickers at length he tends to get bogged down in technical detail and aviation jargon.

Nevertheless, his true tales are terrifying, especially those cases where the ineptitude of rescue services have resulted in unnecessary deaths.

Scholarly though the book seems to be, it's hard to shake the feeling that Faith is indulging in a comparable but rather less honest form of voyeuristic scarification than Crichton.

The distaste these engenders – after all, these deaths are real – is compounded by an unerring strand of off-hand racism. While Faith is judicious in his condemnation of manufacturers, airlines and aviation authorities all around the world, he tends to be more dismissive of the French, the Germans and "primitive" third world nations than of the British and Americans.

And finally, for a book that concentrates so critically on safety checks and attention to detail, *Black Box* is riddled with typographical errors. The fact that Faith's editors are obviously less meticulous than the "tin-kickers" does the book no favours.

Richard Klein is neither a food writer nor a diet guru. Like many Americans – about half the population, according to the latest figures – he is way above his ideal weight, a condition he has worried about for most of his life.

In that sense, he is exactly the kind of person the slimming industry targets with its hip-and-thigh diets, pills and exercise regimes. Instead of searching for a miracle cure, however, Klein has chosen to write a daring, lucid book about what it means to be fat.

Let me be clear, he writes engagingly, "I am no expert in these matters. I'm a French professor and a writer. I'm only a fat layman, who is interested in what is happening to fat in the world around me and on me."

One of the things that has happened to fat, he claims, is that its meaning has undergone a startling reversal in the 20th century. For hundreds of years, fat was valued, on animals and people, as a signifier of health and plenty. Now, whether it comes in the form of cholesterol or chubby thighs, we shy away from it and cultivate an anorexic ideal which would have horrified Rubens and Watteau.

One of the delights of this book is Klein's frank admiration of the erotic pleasure he finds in this older, fuller type of female beauty. "The chunky butts on women in Boucher are full of fat," he lists adoringly. "The fat of a breast, the heft and

An appetite for pleasures of the flesh

Joan Smith on an entertainingly original anti-diet book

weight of that fat that surrounds a beautifully formed nipple – the shape and roundness of that fat invites fondling."

This is true up to a point, but what about the health issue? Isn't obesity, which is what Klein is talking about for the greater part of his book, associated with a host of unpleasant diseases and premature mortality?

Klein's argument is that these connections have been

EAT FAT
by Richard Klein
Picador £15, 247 pages

exaggerated, a section of the book which isn't as convincing as he intends it to be. Where he is spot-on, however, is in his denunciation of dieting.

There is abundant evidence to suggest that attempts to curb your appetite voluntarily encourage the body to make fat, incite the impulse to binge, and are the precipitating cause of many eating disorders.

The figures he quotes are startling: only four per cent of dieters manage, when they return to eating normally, to keep their weight down. Three-quarters of dieters are actually fatter three years after they begin trying to control their weight, a figure that rises to 95 per cent after five years.

Dieting, in other words, exacerbates the problem instead of alleviating it. (What Klein doesn't add, but I have long believed to be true, is that dieting is a symptom of a disordered relation to food rather than a cure.) But even if we accept for a moment Klein's thesis that being overweight causes fewer health problems than is usually claimed, surely it makes people physically uncomfortable.

Klein himself writes vividly about how it feels to be fat, and the tyranny it exerts over his life: "I look in the mirror and register fat; I push against the sink and feel my paunch. I change clothing and notice, stand up and feel it bearing down, lie

BOOKS

Out of mind, out of sight

Anthony Storr on the disturbing story behind the custodial care of the insane

Andrew Scull is Professor of Sociology and Science Studies at the University of California, San Diego. He is a distinguished, scrupulous scholar whose book *The Most Solitary of Ambitions: Madness and Society in Britain, 1700-1900* (Yale 1993) was deservedly praised. This new book is a sequel, but one which approaches the subject from a different point of view. Scull and his co-authors have chronicled the development of psychiatric practice in the 19th century by examining the biographies of the medical men who became regarded as leading specialists in mental illness.

Before 1800, most mad individuals were either kept at home, or left to roam the countryside, along with beggars, criminals and other vagrants. If their families were able and willing to pay, a few were confined in small madhouses, cared for by doctors who increasingly claimed special

knowledge of insanity. Some of these places were horrific, but others were administered humanely. Until the beginning of the 19th century, the state played only a minimal role in compulsory confinement.

The Industrial Revolution, the establishment of capitalism and the growth of population led to the building of asylums in which the insane could be compulsorily confined. Asylums were often built at a considerable distance from the homes of the population they were designed to serve, making it expensive and difficult for their relatives to visit them. The out-of-mind were banished out-of-sight.

These huge asylums became dumping grounds for society's

misfits, with far too many patients and far too few staff for there to be any possibility of individual treatment. At the end of Victoria's reign, the asylums contained more than 100,000 inmates. Institutions which, at mid-century, held fewer than 300 patients, had expanded to house over 1,000: vast receptacles largely devoted to the confinement of those without hope.

However, the need for administrators to organise and run asylums promoted the idea that there could be specialists in lunacy and the medical profession took good care that this new speciality should remain in their hands. The specialists were first known as "mad-doctors", then as "alienists", and finally, towards

MASTERS OF BEDLAM: THE TRANSFORMATION OF THE MAD-DOCTORING TRADE

by Andrew Scull, Charlotte Mackenzie and Nicholas Hervey

Princeton University Press £23, 364 pages

the end of the Victorian era, as "medical psychologists" or "psychiatrists".

The custodial care of the chronically insane was not attractive to ambitious doctors, and until well into the 1940s it remained true that many of the medical

officers who worked in asylums were doctors of poor quality. But there were always exceptions, and Scull and his colleagues have provided some striking examples of alienists who became reformers.

Among them are John Conolly and his son-in-law Henry Maudsley. Conolly was a tricky character. At first he supported the idea that no lunatic should be confined in an asylum unless dangerous to himself or to others. But two decades later, when he needed to make a living from a private asylum, he declared that a huge range of eccentric and immoral behaviour preceded frank insanity and required treatment in an asylum if madness was to be prevented.

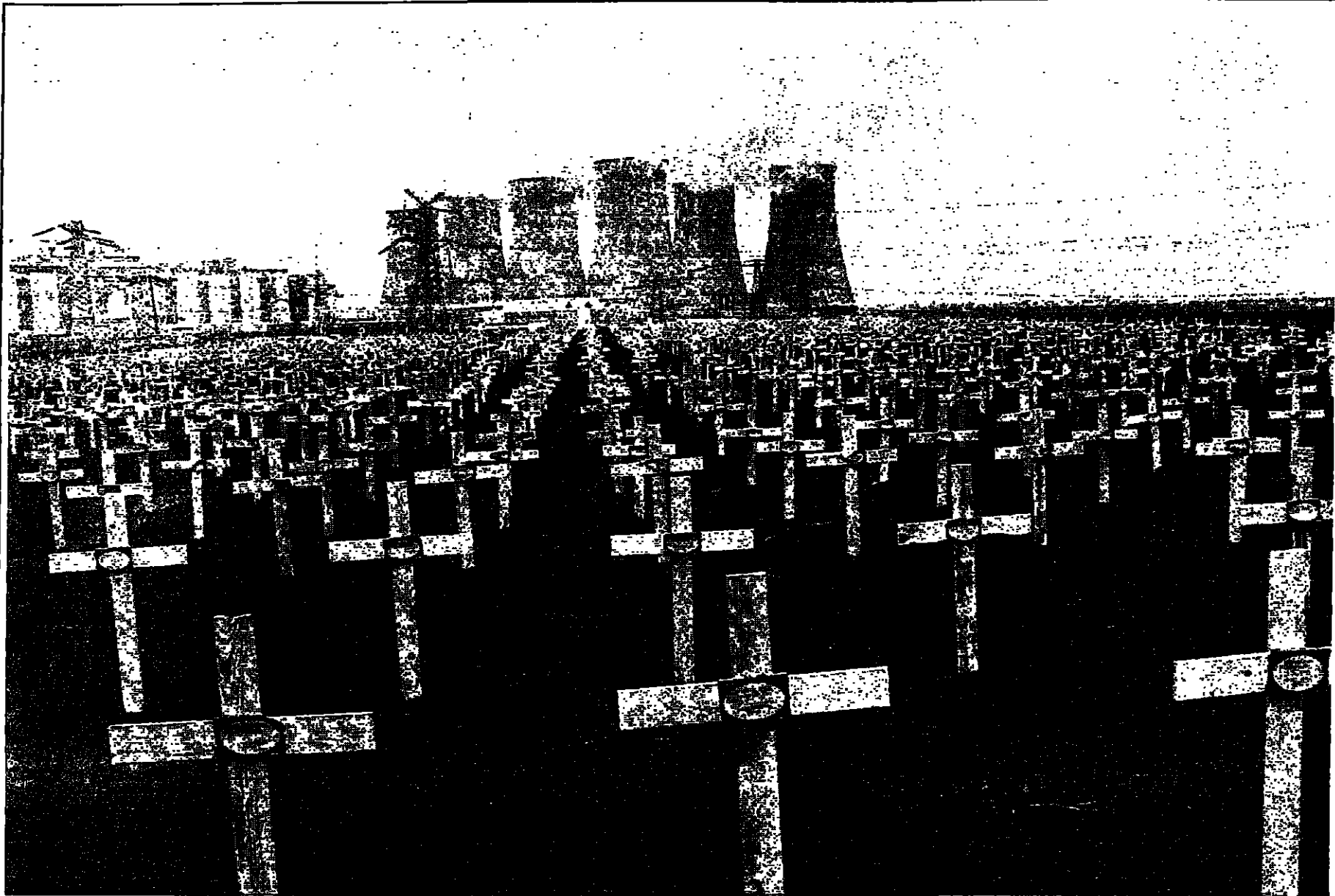
His chief claim to fame is that, while superintendent of the huge asylum at Hanwell, he abolished the chains, cuffs, leg-locks and other methods of physical restraint which were then customarily applied to lunatics: in fact, the inspiration behind abolition was a young doctor called Robert Gardiner Hill, who never received the credit due to him.

Henry Maudsley died in 1918, but his name lives on. His benefaction of £30,000 to the London County Council resulted in the building of the Maudsley Hospital, which was opened in 1923 as an alternative to the asylum: a place in which acute mental illness could be treated early, research into mental illness carried out, and in which physicians

could be trained as specialists. The Maudsley, together with its associated Institute of Psychiatry, is still the premier centre for psychiatric research and training in England.

But Maudsley, although a notable critic of asylum practice, was an aggressive, humourless, cynical individual, who showed contempt for his colleagues and who wrote an offensive obituary of his father-in-law, Conolly. Maudsley stated that the constitutional inferiority of women was "a physiological fact". He also believed in the inheritance of acquired characteristics, and concluded that immoral and evil behaviour in earlier generations caused degeneration and insanity in their descendants.

This admirable account of the development of psychiatry in the 19th century provides many insights. One is that effective reformers are not the gentle, kindly humane individuals which popular myth supposes.



Photographs from the front line: the Bohunice nuclear power plant, Czechoslovakia, included in a collection of pictures published to mark a quarter of a century of Greenpeace campaigns. "Witness: Twenty-five Years on the Environmental Front Line", by Kieran Mulvaney and Mark Warford, includes an introduction by the Dalai Lama (Andre Deutsch, £20).

Moonlit meetings with the unknown

Jeremy Gavron on the intrepid early journeys made by two of the last great explorers

What makes an explorer? These accounts of youthful adventures, a decade before Thor Heyerdahl was to sail the Pacific ocean on a balsa raft and Wilfred Thesiger was to cross the desert seas of Arabia on a camel, tell how two very different young men first set out to follow in no-one's footsteps - or at least no white footsteps.

Thesiger couldn't have asked for a more appropriate beginning to the life he later chose. He was the first British child born in Abyssinia, where his father was the British Minister. At the age of six he watched Ras Tafari's army pass below the legation on the way to fight Negus Mikael, and the sight "made a profound impression on me, implanting a craving for barbaric splendour, for savagery and colour" that grew into "a distaste for the dull monotony of our modern world."

After Eton and a year at Oxford, Thesiger was invited back to Abyssinia for the coronation of Ras Tafari as Haile Selassie, and spent

a month hunting along the banks of the Awash river, north-east of Addis Ababa. Two years later he returned to search for the source of the Awash.

The *Danakil Diary* is made up of his edited diaries from these two expeditions. Interspersed with letters to his mother. He was only 24 by the end of the second journey, and the writing here lacks the stark lyricism and considered narrative of *Arabian Sands* and *The Marsh Arabs*.

But the Thesiger sensibility is already well-formed. Finally catching up with the elusive Sultan of Aussa, he writes that "this moonlight meeting in unknown Africa with a savage potentate who hated Europeans was the realisation of my boyhood dreams. The knowledge that somewhere in this neighbourhood three previous expeditions had been exterminated, that we were far beyond any hope of assistance, that even our whereabouts were unknown, I found wholly satisfying."

In *The Danakil Diary* Thesiger marches straight-backed through the harshest dangers and discomforts, shooting everything that moves and recording anything to do with killing or castration (a particular interest for both the Danakil tribesmen and Thesiger), apparently unaware that every

THE DANAKIL DIARY

by Wilfred Thesiger
HarperCollins £18, 214 pagesGREEN WAS THE EARTH ON THE SEVENTH DAY
by Thor Heyerdahl

Little, Brown £18.99, 308 pages

first step he takes into his beloved wilderness hastens that very wilderness's demise.

Thor Heyerdahl was born in 1914, only four years after Thesiger, but while the young Englishman was the last of the grand old explorers, the young Norwegian was one of the first of a new breed of more knowing and agonised adventur-

ers. As the title of his book suggests, he was an early green.

Heyerdahl's boyhood was as commonplace as Thesiger's was unusual. He grew up in a small coastal town near Oslo, from where he watched ships steaming away to the far reaches of the world. No more enamoured of the modern world than Thesiger - "I don't like machinery" he told a bemused schoolfellow - he was drawn not to barbaric savagery, but with a religious wonder to nature, and in 1936, at the age of 22, he set off with his wife, Liv, in search of Eden.

The closest they could find was the Marquesas Islands in the South Pacific, and here the Heyerdahls arrived with scarcely more than a cooking pot, a machete and Liv's wedding dress. Sleeping in a bamboo hut, living on coconuts, bananas and prawns they trapped in a stream, they were initially "as happy as children", but it wasn't long before serpents, or rather giant poisonous centipedes, began wriggling into their paradise.

First Christian rivalries among

the islanders, then boils, then mosquitoes threatened their experiment in the good life, and finally, after a year, the giant centipedes which were slipped into their hut by drunken islanders persuaded them to leave; though not before the constant easterly wind on his bare chest had set Heyerdahl wondering whether Polynesia hadn't been settled from South America - the question he would set out to answer on his Kon Tiki expedition.

Green was the Earth on the Seventh Day is part account of this year in the Marquesas; and part environmental tract, wandering back and forth over a life of exploration and ideas. At times Heyerdahl slips into a fuzzy mysticism that is hard to digest after Thesiger's sun-baked prose, but while Thesiger strides ahead with blinkered clarity, Heyerdahl travels with his eyes and mind open, trying to understand, and wanting to use that understanding to prevent the explorer being immediately followed by the exploiter.

Rereadings/Mark Archer
Disraeli's world

Disraeli famously said: "When I want to read a novel, I write one." Posterity has not shared his taste. Of the 11 novels he published, scarcely any are now read. The exceptions are probably *Sybil*, which introduced the term "one nation Toryism" into the political vocabulary, and *Coningsby*, by far the best, which set out to define what the Conservatives "conquered to preserve" when they regained power from the Whigs in the landslide election of 1841.

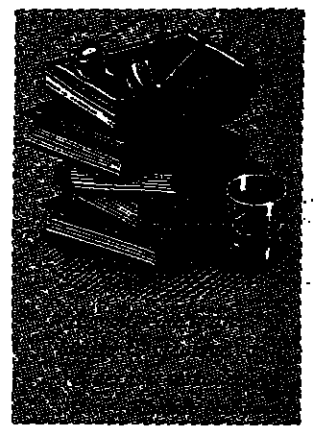
All Disraeli's novels manage to mingle fiction, contemporary history and political philosophy in a highly idiosyncratic way. The questions he asks of conservatism as it confronts the modern era - the widened franchise, the growth in industrialisation and the rise of the urban poor, the spread of non-conformism - strike some interesting parallels with today: what, if anything, does conservatism seek to conserve? How can conservatism, the political creed of property-owners, become relevant to the common-man? But Disraeli's mind was too searching to be satisfied with ideas, which is why the "politics" of *Coningsby* is the least memorable thing about it. What attracted him to politics was what made him a good novelist: a fascination for the drama of life and the complexities of human character.

Harry Coningsby, grandson and adopted heir of Lord Monmouth, is a symbol of mid-Victorian England's "new generation", although his moral romanticism amounts to little more than a repudiation of the chicanery of his political elders. Disraeli captures the atmosphere of this rotten borough world of provincial hustings and club-room intrigue to superb effect: one can almost feel the dust rising at the end of a sultry July day in Fall Mall as fresh election bulletins arrive for the crowds milling outside the Carlton and Reform Clubs.

Disraeli's world, including the political world he describes, is one of passions and illusions. The account of Coningsby's schooldays at Eton is full of high-spirited charm. "At school," Disraeli writes, remembering his own youth, "friendship is a passion. It entrances the being; it tears the soul. All loves of after-life can never

bring its rapture, or its wretchedness."

In contrast Lord Monmouth, an aristocratic monster on a par with Proust's Baron Charlus, "saw through everybody and everything." And yet, just as our feelings toward people in real life develop and change, we come to like Lord Monmouth as much as Coningsby does, despite the fact that he disinherits his grandson when he refuses to stand against his hated opponent, the Whig reformist manufacturer Sidney Millbank. For even an arch-cynic such as Lord Monmouth harbours his illusions, spending his last days in the company of French actresses and clowns,



people who let him forget that "he had still in some degree the misfortune of being a responsible member of society."

Disraeli's plot, meanwhile, rattles along, enlivened by some brilliant social satire, conversations full of political and moral ideas and a nail-biting will-reading scene as a finale. When the film-makers have finished with Austen, Eliot and Trollope, they may well turn to Disraeli. What the "new generation" demands, Disraeli seems to suggest, is visionary leaders preaching one-nation Toryism. Thanks to sheer brilliance of personality, for instance, Coningsby stands for and wins his grandfather's seat, even gaining the support of Millbank, whose beautiful daughter he marries. In Millbank's paternalistic factories, he sees the pieties of conservatism worked out for the benefit of the working-man.

"Your situation," said Coningsby, looking up the green and silent valley, "is absolutely poetic."

"I try sometimes to fancy," said Mr. Millbank, with a rather fierce smile, "that I am in the New World."

Fiction/Iain Finlayson
From exploration to exploitation

On August 17 1898, Dr Edward Byrne slipped on the ice of the Arcturus glacier in the Canadian Rockies and fell into a crevasse. Sixty feet down, wedged between the crevasse walls, Byrne waited for rescue or death. Looking into the clear ice, he seemed to see "a pale human figure, with wings... one of them cracked obliquely near the tip, the broken pinions slightly detached."

Hauled to safety by Frank Trask, a local expedition guide and entrepreneur, Byrne - a doctor by profession, a botanist by avocation, a glaciologist by aspiration - lives out a frugal life in the Canadian frontier tourist town of Jasper as the

medical officer of Trask's company, which is pushing a railway through the Rockies.

He is waiting for the natural, inevitable melting process of the Arcturus glacier to throw up and reveal the reality of what he saw, or what perhaps was merely "a hitherto unknown periscope property of glacial ice." What surfaces, what survives, is miraculous enough. *Icefields* wears its inspiration on its sleeve: its epigraph is a quotation from Michael Ondaatje's *Coming Through Slaughter*: "As if everything in the world is the history of ice." There are references, too, in the history of characters and place to remind the reader initially of Ondaatje's *The English Patient*; but Wharton is liberated rather than frozen

into style and attitude by his apparent mentor.

The glacier itself is the principal image and metaphor just as it slowly melts and recedes through the years, revealing its history and secrets, so do the characters of the novel evolve in their environment and make their impact upon it. It is a novel of progress - from exploration to exploitation by Trask who opens up the wilderness to tourism, from madness to maturity by Byrne whose quarter-century vigil on the glacier, waiting for a miracle, is redeemed by an emblem of tenacious life after the horrors of the first world war.

Wharton layers his novel like the strata of the glacier: voices, modern and mythical, oral and written, real

and dream, ring true and clear. The clean, concise purity of the prose brilliantly refracts the complex, multi-faceted style of the narrative. *Icefields* was awarded the Grand Prize at

ICEFIELDS
by Thomas Wharton

Jonathan Cape £15.99, 206 pages

ORIGINAL BLISS
by A.L. Kennedy

Jonathan Cape £14.99, 311 pages

the Banff Mountain Book Festival in Canada, and the Commonwealth Writers Prize for Best First Book for the Canada and Caribbean Region in 1996.

Allison Kennedy is a Scottish

writer whose style is as plain and sparkling as granite on a clear winter's day, but whose subject-matter is as violent, passionate and physical as the Scots themselves. Her great strength is to identify and write about the dysfunctional point between wicked energy and virtuous impotence.

Original Bliss is a collection of ten short stories and a novella - pit-stops in the vacuum of modern life, the void of love and the gravity-free zone of sex (literally in *Made Over, Made Out*, set in the airlock of a spacecraft). This is serious writing, resonant and resourceful, satirical and sympathetic, wry and witty, physical and - occasionally - perverse.

Allison Kennedy grounds herself in the physicality of



Allison Kennedy: pit-stops in the vacuum of modern life

the body and delivers it to the non-too-tender fantasies of the mind: the resulting antispyzzy, at that point "whar extremes meet", is sexual and psychic dysfunction struggling with romance, religion and reality. The rough beast of sex in her stories exists symbiot-

ically with little parasites that feed on their host - the notions and ideas we all have, but which we are scarcely aware of when obsessed by the larger concept of love, are here picked out and identified with the smallest detail.

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ARTS

A successful marriage of drama and painting

William Packer admires the Garrick's collection, now on show at Dulwich

A fair number of London's gentlemen's clubs have good pictures on their walls. Brooks's, for example, boasted by the collection brought to it by the Dilettanti Society, has probably the most distinguished. The Arts Club is strong on Modern British. Even the Chelsea Arts Club which, contrary to popular myth, has had over the years some respectable artists among its members, displays good things. But it is the Garrick which has, if not quite the best, most certainly the most, and the most particular at that.

Not that you - particularly if you are a woman and therefore barred from membership - can ever see them properly, hung as they are all over the place. But then, for member and guest alike, that is hardly the point in a good club. The company and the conversation are what matter, or so those men behind those lurid ties will tell you. However, we too may now enjoy their riches, and without the necessity of a Garrick lunch. Desmond Shawe-Taylor, an outsider like the rest of us, has been allowed to take his pick and carry it off to the Dulwich Picture Gallery, of which he is director.

The strength of the Garrick collection is quite specific. As its very name declares, the club has always leaned heavily towards the theatre in the sympathies of its members, with the law and letters as fellow-travellers. And it is for its paintings upon theatrical subjects and personalities, almost 1,000 of them, that its collection is famous, indeed unrivalled.

The concentration goes even further, for though the theme has been continued down the years, at its heart lie the 335 paintings collected by the actor Charles Mathews in late Georgian and Regency times. The works he acquired amount now to one of the major reference sources in the study of the English theatre in that period of remarkable transition. It is from within this Mathews period that Shawe-Taylor has made his own necessarily narrow but clearly-focused choice.

Before such actors as David Garrick and Charles Macklin took the stage in the early 1740s, the conventional acting style was gentlemanly and artificial, the delivery more a declamatory reading than interpretive. With Garrick and Macklin came a manner altogether more natural, though rather exaggerated by modern standards. This coincided with a shift towards naturalism in English painting, drawing its subjects upon everyday life - Hogarth's morality sequences such as "The Rake's Progress"; Gainsborough setting his portrait subjects in the fields and lanes.

The theatre presented a perfect opportunity, which was promptly taken up by one of the best of England's painters of the late-18th century, the expatriate Swiss, Johan Zoffany. He is undoubtedly the star of this exhibition, as he is of the collection. And he set the pattern for other artists to follow, in representing actors as themselves yet in the characters they played on stage.

Here, then, is his actor of the old school, David Ross playing Hamlet in the manner of a gentleman-parson. Here is Garrick, by contrast, as the cheerful old roué, Lord Chalkstone, refusing Aesop's offer of the waters of Lethe as he passes over into Hades, since there is nothing he wishes to forget. Better still is the larger double portrait of Sophia and Robert Baddeley together in *The Clandestine Marriage*; best of all the exquisitely graceful full-length of Thomas King as Touchstone, in his *commedia dell'arte* motley of red, yellow, white and blue.

But if Zoffany is rightly pre-eminent, others approach him, and are the more interesting in the company for being so surprising and so good. Samuel de Wilde in particular clearly does not deserve the obscurity in which he rests beyond the Garrick's walls, for all that he was the most prolific of all painters of the theatre. Here he matches Zoffany in exactness of observation and clarity of definition, and yet

exceeds him in mischief and gentle satire, catching exactly the spirit of the comedy. His *Henry Angelo* as Mrs Cole, the pious procuress whose eyes "roll up to heaven", as Shawe-Taylor puts it, "in an expression of gin-soaked beatitude", is the very model of all pantomime dames.

The story ends with a group of

larger paintings by George Clint, again undeservedly obscure, which bring us somewhat forward, beyond the Regency into early Victorian times. Old Brummagem the skinflint is drowsily winked by his young ward's lover - all good clean fun. It is a show that, beside the obvious treats of Zoffany and other more familiar names, such as Law-

rance and de Louthembourg, leaves us wishing to know much more of such delicious obscurities brought to light. We can only hope there will be more to come.

Dramatic Art - Theatrical Paintings from the Garrick Club: Dulwich Picture Gallery, College Road SE21, until March 16.



Exquisite: Thomas King as Touchstone, by Zoffany

Opera in Italy/William Weaver

A brave stab at rare Verdi

Although Sergio Escobar, the newly-inducted general manager of the Rome Opera, was not responsible for the choice of Verdi's *Les Vêpres siciliennes* for the inauguration of the 1997 season, he can take some credit for the largely successful revival of this rare, demanding work, absent from the Rome stage for over three decades.

This production, furthermore, was the Italian premiere of the original French-language version presented first in Paris in 1855; and the Teatro dell'Opera also decided to give the third act ballet complete, adding 40 minutes to the performing time, which finally ran to over five hours. The result proved that Escobar's experience (he has worked at La Scala and in Bologna and Genoa) is accompanied by an encouraging measure of bravery; and the rest of this year's programme should not only be entertaining but also challenging.

Even among Verdisians *Vêpres* is not a great favourite; but when it unfolds before you on the stage, it is hard to resist its opulent, varied mixture of nobility and passion, colour and constant melodic invention. Some critics turned up their noses at the ballet music, but to the objective ear it revealed a graceful, elegant side of Verdi. And it was danced with surprising stylishness - surprising, because the Roman corps de ballet has had a chequered history. The choreography of Heinz Spoerli ignored the libretto originally followed by Lucien Petipa, but it was in the spirit of the period.

The real star of the evening was the conductor John Nelson. Already from his reading of the overture, it was clear that he had sound ideas about the work and how to pace it; as martial strains alternated with themes of heart-breaking, thwarted love, paternal and otherwise, he gauged with exciting sensitivity the dramatic, expectant pauses and the swelling themes. Despite the long evening ahead of him, he never rushed the music, but let it evolve naturally.

Verdi wrote for stars, but nowadays an all-star cast can mean a group of near-strangers on stage, milking their celebrity and neglecting the work at

hand. None of Rome's singers was a star, and only one - Ferruccio Furlanetto (Procida) - had a voice suited to his part, a solemn, grainy bass. The Hélène was Daniela Dessi, underparted, tentative in the fiendish Bolero of Act 5, but still acceptable, and in the more tender scenes, sweetly affecting.

Her Henri was David Kuebler, the only member of the cast whose French came naturally: the tenor displayed a nice ring in moments of tension, but lacked warmth and nuance. On opening night, the role of Montfort was sung by Paolo Coni despite influenza; by the third performance, he had bowed out and Gianluca Chingari generously stepped in. He had audible difficulty, but he made a brave stab and gave an idea of one of Verdi's complex, touching fathers. The smaller roles were well taken, and Iorio Zennari deserves special praise for his well-sung and soberly acted Danielli. The sometimes erratic chorus came to life at the crucial moments.

Few producers in recent decades have tried to set the action in 13th-century Sicily, preferring as background the Risorgimento (when Verdi composed the piece) or a vague period and place. Federico Tiezzi created, with designers Carlo Diapri (scenery) and Pasquale Grossi (costumes), an occupied country, where a destroyed church and piles of rubble suggested the misery of the populace. Even the sumptuous ball was given in a rococo salon of shattered mirrors and peeling walls, while the French governor brought his trunk and camp bed into a ruined salon.

So, in the end, what impression did this welcome *Vêpres* make? A flawed, but nevertheless stunning presentation of a fascinating near-masterpiece. It was, above all, a treat to hear it in French; even if the accents were mostly Italianate, the audience could listen to the notes Verdi wrote, without the others added to accommodate the translation, where hisyllables like "patrie" and "Henri" become clumsy trisyllables, "patria" and "Arrigo". In Verdi's performance history in Italy, this was a milestone.

Opera/David Murray

Strauss in the slow lane

At the English National Opera, Jonathan Miller's 1994 production of *Der Rosenkavalier* in English, much of it intelligible, is having its first revival, directed this time by David Ritch. Of Miller's original principals, only two returned for the re-opening night.

John Tomlinson re-created his elegantly lusty Baron Ochs, and by accident Rosemary Joshua found herself repeating her lovely, thoughtful Sophie (if slightly too sophisticated: the girl has after all just emerged from a convent-school when the intended new sweetheart, Donna Brown, was suddenly indisposed. (Brown is expected to take up the role from tonight.)

Miller's gimmick for this production was to move Strauss's setting forward, from the lush days of Maria Theresa's reign to the early

20th century, when *ancien régime* Vienna was really on its uppers. Thus the Marschallin's palatial bedroom in Act 1 becomes a denuded mausoleum, and Faninal's *Stadtpalais* a grand interior with nothing in it but a newly unpacked painting and two frail little chairs. These trappings make no difference to the action, which is practically invasion-proof: the story is pure theatre, indifferent to the décor.

Much more severe, as I think, are the encroachment of operatic-musical fashion. David Atherton conducts a shapely, even sensitive account of the score (I expected less, and am suitably abashed). By the late

1980s, however, Strauss was complaining that younger conductors took his operas far too slowly.

There is general agreement that *Der Rosenkavalier* - planned as a two-and-a-half-hour *Komödie für Musik*, but uncontrollably expanded to three-and-a-quarter hours plus intervals - goes on too long, though we are ready to forgive that. At ENO, it takes four-and-a-quarter, all told.

The excess is owed to heedlessly protracted sentiments at the ends of the first and third acts. We are not expected to discern the tears behind the ironical peripe-

ties of the comedy, oh no: they have to be spelled out for us, at *molto adagio* tempi that tax the singers to the limit (singers love those). The Marschallin's weary, touching epilogue to Act 1 goes on and on, exclusively of course, and the final sentimental sort-out takes forever. Has nobody considered the just proportions of the comedy? The intimate moments of *Der Rosenkavalier* are not the Four Last Songs, nor really anything like them.

The result here is to separate out the heartfelt romance from the comedy, which soon begins to look thin and silly. Tomlinson's preening, ebullient Ochs res-

cues it by sheer verve, though the old Kalisch translation gives him no chance to reveal his countervailing credentials as a backwoods aristocrat. He talks proper throughout (in the English, not in the original German), and we miss the force of "Marianne" as an appeal for him, which is that "she", alone in Vienna, strikes him as another country-person with whom he can at last be himself.

The new Marschallin is Yvonne Kenny, who sang Sophie at the ENO 20 years ago - a natural progression, with many distinguished precedents. She melts beautifully, if at indulgent length and with matronly-saintly

airs, scarcely connected to her affair with 17-year-old Octavian. "He", and "Marianne" too, is tall Susan Parry, who looks perfect when still, but gives the game away whenever she moves, unmistakably a woman acting a teenage boy - in the erotic play of Act 1, less like fetching 17 than fretful 16. In uniform for the later acts she cuts a likelier figure.

Among the smaller roles, the intriguers Valzacchi and Annina are nicely impersonated by John Graham-Hall and Elizabeth Vaughan, and Sophie's anxious duenna by Anne Heath-Watch, and Bonaventura Bottone is an understating Italian Tenor. But Peter Siddons's Faninal, daddy of Sophie, is a perfect model: loud, brash, funny, nervously obsequious and finally stricken. If he will learn the role in German as well, his Faninal should be in demand everywhere.

dom as a concept being a relatively recent phenomenon, the product of leisure, education and self-consciousness on the one hand, and the expectation that others should amuse us on the other. No wonder it thrives in an age of mass media.

Two Arthur, Smith and Scargill, went to Havana in Radio 4's *Sentimental Journey* and for the first time in this format Smith actually seemed quite entertaining. I have never subscribed to the belief that Scargill is a combined red menace/yellow peril/panto demon king, but, oh dear, he does seem, like the Bourbons whom he curiously recalls in many ways, to have learnt nothing, to have forgotten nothing.

Radio 4's adaptation of Saint-Exupéry's *Night Flight* in its "Classic Serial" niche merited the "classic" label more than its American predecessor, unheard of except by the Pulitzer committee, but was a one-off and not a serial. Why on earth do they think up facile themes and titles for their slots if they then ignore them and ram everything in, whether it fits the description or not? It must be the result of museum labelling.

Radio/Martin Hoyle

Out of the dark ages

Fil-Dyke is upon us. Not another sappy outrage from the nation's "pornographer" on Channel 4 (we shall miss him) but the nickname given to the most depressing month of the year. For radio listeners, this February dawns under the shadow of the powers that be promising a hard look at every programme on Radio 4 and the declaration, at which we have learnt to groan, that it must not become "a

museum". Before the cliché trips so glibly off the tongue of mediocrities wielding their disproportionately lethal hatchets, it is as well to define a museum - in the modern, not the 19th-century, sense.

Museums are not dusty repositories of out-dated junk but among the great treasure-houses of the world. They conserve some of the rarest and most beautiful artefacts of civilisation in such a way as to continue giving pleasure to countless millions. They run activities for a wide public, including children and newcomers: they are educational in the best sense, that of broadening horizons and expanding interests.

I suspect that the arid mentality that regulates the word "museum" as shorthand for the old-fashioned and the redundant is more murky than anything it seeks to condemn. I urge the controller of Radio 4 to set foot in a museum for possibly the first time in his life. Yes, yes, we know what you mean; but the inability to express yourself except in knee-jerk jargon is scarcely an encouraging sign in those

who administer the medium of the spoken word, especially those entrusted with Radio 4, one of the last asylums of adult values in the corporation. And please let's hear no more equally knee-jerk jeers at "Middle England", as evinced by the smugly droning John Peel (for instance) in Radio Times. After all, every politically correct minority is apparently sacrosanct, and cherished in artificially sheltered conditions that remind one of - ah yes, a museum.

But then they're a rum lot, the BBC. At a recent social Corporation function, I met a World Service executive high of colour and dudgeon, seemingly bitterly resentful of the campaign to save the World Service and the public interest it aroused. His attitude was that the service was proud of its historic freedom from

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ARTS

Evocative tales of two cities

Andrew Jack admires the photography of Frank Horvat

Fires in Channel tunnels aside, the centres of Paris and London may now be just three hours apart by rail, but an exhibition spanning the two cities demonstrates in many ways just how far apart they can seem.

The black-and-white images of *Paris-Londres, London-Paris 1952-1962* contain a notable selection from an innovator who attempted to combine photojournalism and fashion photography, and comes more equipped than most to attempt the perilous path of cultural comparisons.

Born in a part of Italy which is now Croatia, Frank Horvat was of Jewish descent, with a Hungarian father and an Austrian mother. He was a refugee in Switzerland during the second world war, trained in Milan, travelled for two years in India, and then worked in London before settling in Paris in 1956.

As he explains in his introductory essay in the exhibition catalogue - his father, a doctor, spoke to him in German, his grandparents in Hungarian, his parents in French or English, the servants in Serbo-Croat, and the carabinieri in Italian. Yet with all the richness of his background, and his experience on assignments in different parts of the world, the one place where his adaptability fell flat was in England.

He always felt as though he had "one foot on the doorstep", partly because he had no set of dreams or references of the country, in sharp contrast to Paris. Yet the unifying reason he was subsequently forced to relocate across the Channel was that the authorities would not grant a visa to his Italian fiancée who

had come to live with him in London.

Not that the experience apparently left Horvat bitter towards Britain or its people, whom he describes as containing "a precarious equilibrium between convention and eccentricity", and who were usually well disposed to his attempts to capture them on film.

He relates how his fashion photographs for British magazines were frowned on in France, but those taken in Paris were always accepted in London, "from which one can infer either the superiority of French taste or the greater receptiveness of English minds."

Although Horvat had greater cultural affinities with Paris, he is far from sentimental about the city, which he argues was nothing like his adolescent imaginings, and did not inspire passion in him, but rather was a place in which sensuality mixed with ambition and interest, as well as "a dash of resentment and a definite dose of lust".

It also had the advantage, through a photographer's viewpoint, of "multiple facets": in any direction, from any street corner, "details pile up in the frame and are repeated as if in mirrors, disparate but always harmonious."

There is little doubt that the density, variety and beauty of Paris is well captured in these photos, with the additional contemporary pleasure of the lure of the exotic and the nostalgia of a past era. Almost without fail, the images are evocative and alluring: a chaotic Place de la Concorde filled with old Citroëns, buses and wrought-iron street lamps; a calmer Champs-Élysées

with pedestrians weaving between cars unguided by road markings; an aged metro crossing the Pont de Bir-Hakeim with the Eiffel tower as a backdrop; or a café in Pigalle, with pastis and beer in equal measure on the tables.

To this British eye, the photos of London are a little less evocative, perhaps because the images are more familiar. But in part, this probably also reflects Horvat's different experiences in the two capitals, with Paris becoming his "home" while London remained more alien, and because his photo assignments in each city had different objectives.

Some of the shots seem a little more clichéd, albeit too tempting for a foreign observer to resist: the policeman in his conical hat directing traffic; the cigar-chomping clients of the Café Royal in their dinner jackets; and the wizened faces in a series of East End market scenes.

His photos in Paris seem to reveal a deeper knowledge of the city, capturing less usual vantage points, or snapping such personalities as Charles Aznavour, Edith Piaf, Coco Chanel and Françoise Sagan in unusual ways.

In the UK, the subjects are generally anonymous and the material more predictable. Even so, he manages to subvert the inevitable shot in the City of London of a man in bowler hat with trolley, capturing him cigarette in mouth, attempting to retain a certain dignity as he runs along the road, trousers flaring in the breeze. In another example, he accentuates the impossibly rigid postures of stiff upper-lipped Englishmen at Windsor Castle by capturing a group of three, one of whose formality is accentuated



One of Horvat's post-war pioneering fashion shots, showing the reaction of the butchers of the Halles to a beautiful model in their midst

by the fact that he is wearing a neck brace.

He captures the concentration of a boy in a street boxing contest in Lambeth pulling back his head to avoid a blow even as he shoots out with his fist; two other mischievous boys ogling "What the butler saw" in Brighton, while the adjacent peep machine offers "Parisian can-can"; and two women on a beach contorting themselves to change while concealing all.

Perhaps the defining characteristic of Horvat's work is its humour, while his most notable contribution to post-war photography was in the field of fashion, where he used visual jokes in his crusade to break with the norms

of the time, by taking models out of studios, and photographing them without wigs, make-up and fake smiles.

Unlike the French photographer Robert Doisneau, there is no controversy about whether some of Horvat's images were posed or not. His pioneering skill was to engineer situations in which fashion models were placed in ordinary surroundings, and then wait for the spontaneous reactions of passers-by.

Judging by some of the models' expressions, they were not always so happy with the approach. There is also an initial shock for the viewer at the artificial nature of these "directed" fashion shots juxtaposed with

more classic "passive" images - a tension, incidentally, which led Horvat to be criticised and alienated from many of his photojournalist colleagues, including Henri Cartier-Bresson.

Yet these surreal photos are nothing if not entertaining: a model on the rear of open-backed bus surrounded by stony-faced commuters; or another, glass of wine in hand, in the old Halles meat market, with burly butchers around her in a mixture of surprise, lust and amusement.

What does not always work so well in the exhibition is the attempt to link the images of London and Paris together. Occasionally, it offers unexpected insights, such as the intertwined

couples in St James' Park proving they are no more repressed than the Parisian lovers embracing on the banks of the Seine.

But then as Horvat himself points out, his photographs were taken at a time when magazine editors believed pictures "needed to be read in a sequence to tell a story, before people had the habit of "skimming". He says he would have found it curious in the 1950s to arrange them together as the current exhibition does. The photos themselves are none the poorer for that.

Frank Horvat: *Paris-Londres, London-Paris 1952-1962*. Musée Carnavalet, Paris. Until February 23.

The novels of Joseph Conrad have a reputation for being unfilmable. Will the BBC's 'Nostromo' prove an exception to the rule?

As well plundered as possible

For more than two decades the FT television column has defended television's right to adapt - plunder, if you like - material from literature, stage drama, or any other source, and then to be judged not on whether the original medium has been faithfully served, but on the quality of the television created. Joseph Conrad was a great story teller and *Nostromo* is one of his longest, most complicated, and, some would say, best books. At 9.30 this evening BBC2 begins a filmed adaptation, shown in four weekly parts, each of 75 minutes. If you stick with it through Episodes 1 and 2 you have a treat in store with Episodes 3 and 4, but some may not last the distance.

All the elements of good television are here. The cast includes big names: Charles Gould, the four-square English imperialist who takes his bride back to the little South American country where his father died, to re-open the family silver mine, is played by Colin Firth. Albert Finney plays a quondam Doc Holliday figure, a self-disgusted alcoholic with something to prove. Brian Dennehy, one of America's best character actors, is money-man Holroyd; and in the title role is Italian film star Claudio Amendola. Shooting was in Colombia and the locations are beautiful, sometimes breathtaking. There was enough money to employ real crowds for the crowd scenes, and when the plot calls for a paddle steamer or a Victorian steam train you get the real McCoy, or something so like it as to be indistinguishable. It is good to look at.

The international nature of the cast might be seen as



Under-horsed: Claudio Amendola as Nostromo

the inevitable corollary to co-production money, this being an Italian/British/Spanish/American effort, but for once the flags-of-all-nations element feels quite unexceptionable since the story involves Britons, Italians, Spaniards and so on.

There are minor embarrassments, but not stemming from co-production. Early on Finney sometimes seems to be awfully busy Acting. Serena Scott Thomas, as the young Mrs Gould, is strikingly beautiful but her speech, stride, and entire attitude mark her out as a product of the late-20th century. There are occasional lapses in the script as when Giorgio says "Ah, you are looking at Garibaldi, the Italian hero!" presumably to

ensure that we do not think it is Garibaldi the famous biscuit manufacturer.

The big difficulty, however, is that such a large number of factors have to be set up before the plot can make any sense: the political background, including church and government, the exploitation of people and resources, the complex character of Nostromo, the involved web of relationships between expatriates, and more. This occupies most of the first two episodes, as the young Mrs Gould, as the young Mrs Gould, is strikingly beautiful but her speech, stride, and entire attitude mark her out as a product of the late-20th century. There are occasional lapses in the script as when Giorgio says "Ah, you are looking at Garibaldi, the Italian hero!" presumably to

In the end it is difficult, and probably wrong, to avoid all comparison of book and screen. Of course it is possible to judge the BBC version in terms of television and say that, taken as a whole, it is a rather fine piece of work. However, although *Nostromo* is an adventure story, Conrad, even more than most writers, is concerned not merely with what happens, but why. Human motivation is top of his agenda, and it is the aural voice that conveys this. Open the book a few times at random, close your eyes and point to the page, and you find passages such as "And he was courageous. It was a corrupt courage, but it was as good for his purposes as the other kind", or "The extraordinary development of the mine had put a great power into his hands. To feel that prosperity always at the mercy of unintelligent greed had grown irksome to him".

How on earth do you convey this on the screen if, like 95 out of 100 television people, you refuse to use voice-over? (John Mortimer used it superbly when he scripted the Granada version of *Brideshead Revisited*, but then Mortimer is primarily a writer of books). Dialogue and facial expressions can do a little, but they are impossible contortions compared with the ease and facility of third person narrative. The answer, I am afraid, is that while such adaptations can certainly make good and entertaining television drama, and all the action of the book can be used on screen, the full richness of human character and motivation will be missing.

Christopher Dunkley

Tales that are all in the telling

the traces of Nina's footsteps: "He piled up small heaps of sand, leaving behind him a line of miniature graves right down to the water." The visual impact of such a moment, compressing the contradictory psychological impulses within the character into a concrete image, must be tempting to anyone involved in a visual medium.

Stylistically, too, Conrad's fiction can be seen to lend itself to cinema. Writing in an age noted for its formal experimentation, Conrad's style often seems to replicate the techniques of film. Thus, in *Heart of Darkness* (1899), as Marlow, the narrator, prepares to recount his visit to Africa, the night-lights of the river traffic on the Thames are described as casting green, red and white flames on the water; within two pages, these same colours are recalled in the colours used to designate the countries on a map of Africa that Marlow is studying. It is as if Conrad is scripting the cinematic dissolve from one scene to the next.

But if the lure of Conrad has attracted film-makers, many of their adaptations have proved disappointing and melodramatic. In essence, this can be traced to the fine distinction between the tale itself and the telling of the tale, between the action and how this is presented. Whereas film privileges dramatic action, Conrad's novels emphasise such narrative qualities as tone,

mood and point of view to illuminate the complex and often contradictory motivation for action.

Above all, cinema has generally proved impervious to the corrosive irony that is Conrad's trademark. Thus, version after version of *The Secret Agent* (there have been eight in all) has dramatised in concrete detail the fatal stabbing of Verloc which the novel, reflecting the real status of the "secret agent", reduces to the shadows on the wall made by his wife's arm rising and falling.

But of all of Conrad's masterpieces, it is *Nostromo* (1904) that has most resisted cinematic adaptation. The *Silver Treasure*, a silent film released in 1926 and of which no copies seem to have survived, reduced the novel to a simple love story, whilst the only other attempt, David Lean's, was abandoned when the director's death in 1991. It is thus with some gratitude that we can now welcome Alastair Reid's television version of *Nostromo*.

Conrad's subject in *Nostromo* is nothing less than history itself: the history of the South American state of Costaguana and the role of the individual caught up in the cyclical nature of historical forces. To this end, Conrad's narrative uses time shifts and varying perspectives to recreate the interconnectedness of historical

moments and events. John Hale's screenplay eschews these chronological disruptions in favour of a linear narrative whose plot gains in clarity what it loses in historical depth. But depth there is, for Reid has mastered the art of compressing a range of complex themes into a single scene.

For instance, when the Goulds make love in the disused silver mine, not only does the moment, symbolically, precede the reopening of the mine, whose wealth will ultimately come to decide the fate of the province, but it also adumbrates the transfer of Charles Gould's devotion from his wife Emilia to the mine, as he, like so many of the characters in the tale, becomes increasingly obsessed with material interests.

A successful adaptation of Conrad must capture the ironic tone of the fiction - and Reid's *Nostromo* does. His various strategies for conveying Conrad's irony extend from simple juxtaposition - during the inauguration of a silver crucifix is immediately followed by a silver pistol - to a keen awareness of the viewer's presence - as when the snake that initially seems threatening to Mrs. Gould turns out not only to have already been noticed by her but to preoccupy her less than the ants attracted by the food she is serving.

Serendipity, too, plays a part as the horses in Colombia, where *Nostromo* was filmed, tend to be smaller than average, characters like Hernandez the Bandit, when mounted, tend to appear faintly ridiculous - exactly as Conrad intended them to be.

Allan Simmons

Allan Simmons is lecturer in English at the University of Surrey and general editor of *The Conradian*.

8.11.14.17.20 February at 6pm
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WAGNER

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THE ROYAL OPERA

Concert/Richard Fairman Stylish Brahms

For the first concert in its Brahms centenary cycle, the London Symphony Orchestra played its trump card. Anne-Sophie Mutter is one of the biggest draws it has at the Barbican and the Brahms Violin Concerto is the work for which she is most renowned.

Going straight in with it as the opening piece of concert number one is a bit like throwing open a hefty novel at mid-point. Where an overture might have introduced the public face of Brahms, and each symphony holds up a distinct persona (Beethoven the obvious influence on the First, Bach for the Fourth), the Violin Concerto simply puts Brahms the man in front of us like an old friend - no formality, no posturing.

For Mutter, it is probably the central work in her repertoire. Being reared in the German tradition, not to mention performing and recording the concerto with Karajan as long ago as 1981, must have instilled the essence of Brahms's spirit very early on. The warm sound she produces, with plenty of body to it, is near ideal: Mutter can make the music sing out with a quite exceptional intensity, but her tone never admits the slightest harshness or strain. She has played the concerto in London before, but this performance was not a

copy. Mutter is continuing to look for new insights in the music, which means an increasingly ambitious range of expression (from heavily vibrato-laden emotion at one extreme to a withdrawn thread of sound at the other), balanced by some loss of continuity. It was not in fact, a very spontaneous performance, mainly because Colin Davis makes a solid Brahms conductor. Mutter occasionally nudged him on a bit, but for the most part to give herself freedom of movement.

The Third Symphony after the interval was on similar lines. Davis refuses to be hurried or be pressured into making theatrical gestures, so the undemonstrative opening gave a good idea of what was to come. To my mind, a performance so calmly relaxed as this comes as near to a Brahmsian as any symphony.

Further LSO concerts: Brahms, Symphonies 2, 6, 9, 12 and 14.

Handwritten note: 10/2/97

SPORT

Sporting Profile

Tiger, Tiger, Tiger – the ferocious talent

The roar of applause for the new phenomenon of the golfing world is deafening and far-reaching, says **Derek Lawrenson**

It was in April last year that golf writers wondered whether Jack Nicklaus had lost his grip on reality. Nicklaus was giving his annual spring address at the Masters when someone asked him about Tiger Woods, his practice partner that day.

Nicklaus's face broke into a patriarchal smile. He said that Tiger Woods had fundamentally the soundest swing of any player that he had ever seen. Furthermore, such was his temperament and mental attitude, Woods would win more Masters titles (10) than he and Arnold Palmer combined.

It seemed such a preposterous proclamation as to be worthy of mockery: why stop at 10, Jack? Why not make it 20? Naturally, when Woods went on to miss the 36 hole cut there was more ridicule at Nicklaus's expense.

There is none now, of course. Now the tenor of the remark appears prescient, on a par indeed with the comment of Bobby Jones a couple of generations ago when witnessing a young Nicklaus: "He plays a game with which I am not familiar."

It is no exaggeration to say that in six months as a professional Woods has transformed his sport. As Sports Illustrated put it: "We're no longer talking about a golfer, we're talking about an era."

How does one explain the Woods phenomenon? After all, the game has seen precocious talents before, like Severiano Ballesteros, and there will never be a winner to compare with Nicklaus. But no one, not these two or Palmer or Hogan or any of the other great names in the sport's history, had quite the impact of Woods.

Why? Because everything that golf lacked has been granted to this fresh-complexioned youth with a smile that could light up a coalmine. In a game where the winners are usually in their mid-30s, he is 21; in a sport where every winner of every major championship has been white, he is black; in a game where the accepted wisdom is that one or two victories a season constitutes a successful year he has won three times in 10 US tour events.

The effect has been to broaden the game's appeal far beyond its traditional boundaries. At the Mercedes Championship in San Diego last month, the cars tailed back for 15 miles to watch Woods play. The fact that the rain was coming down in biblical proportions and there was little chance of golf did not seem to deter anyone. Eventually play was abandoned for the day. Woods played one hole, a sudden death play-off for the title against his co-third round leader Tom Lehman.

In 14 years' reporting on golf I have never seen anything like it. I stood on the tee and scanned the faces that lined the short 72nd in numbers that would have graced a Ryder Cup: the young and the old, people who have been watching golf for far longer than I, mixing with teenagers who three months ago thought it was a silly sport their fathers played. In every conversation, one word recurred, like a religious mantra: Tiger, Tiger, Tiger.

Now I am writing this piece in Australia, where the European Tour has just begun. Woods is 10,000 miles away in Phoenix, Arizona. Yet his picture adorns the front cover of *The Australian* newspaper, his name is on the lips of every player. News filters through that the showman has had a

hole-in-one, his second in four months as a pro. One hundred thousand people turned up to witness it.

How does a young man cope with such equanimity the messianic fervour his gifts have brought? Because his whole life was preparation for it. His father Earl, a Green Beret in Vietnam, spent 21 years instilling into his son a self-belief so complete it must be terrifying to stand opposite him in competition.

It is quite a story: of how Earl Woods watched his best friend, nicknamed Tiger on account of his fighting skills, succumb to a sniper's bullet in Vietnam; how when he returned to the US with his Thai bride, Kultida, he gave his new-born son his friend's nickname, and then set about ensuring that he lived up to it.

No two parents could be more suited to producing a prodigy. Earl taught his son the things that steal a man's heart when he spends three years in the jungle; Kultida passed on the serene wisdom of the Buddhist religion.

There is a wonderful story of Earl

'I believe that Tiger will do more than any man in history to change the course of humanity'

strapping his son into a highchair at six months old while he hits golf balls: there is a photograph of Woods, aged five, already armed with a complete golf swing. Earl Woods told Sports Illustrated recently: "I believe that Tiger will do more than any man in history to change the course of humanity." You could say he has high hopes for his son.

Woods may certainly do more than any man to change the course of golfing history. Already he has rewritten amateur lore. He was barely into his teenage years when he started winning national titles. At 20 he became the first golfer to win the US amateur title three years in a row.

When he turned pro last August, the possibilities were clearly immense. There was not an equipment manufacturer nor clothing conglomerate which did not join the queue to sign him. In the end, he signed for Titleist and Nike, respectively. The combined bill for these two companies before Woods had hit a shot was \$60m.

To put into perspective the \$40m over five years in basic salary that Nike paid, the highest contract any golfer had previously earned was that given to Greg Norman by Reebok. That came to \$2.5m a year.

Naturally, there were some who did not share the faith of Nike's chief executive Phil Knight. The company's share price even fell a couple of points amid concern that they had paid over the odds. Knight's response? "Watch this kid go. He is going to do for golf what Michael Jordan did for basketball."

Nike's first Woods advertisement was typically provocative, playing the race card. "There are still some country clubs in America that are not

ready for me, owing to my colour. Are you ready for me?" A conservative game threw up its arms in horror, probably because the spirit of the remark was true.

Just as the maelstrom of criticism reached its apex, Woods, in only his fourth start, won his first pro tournament. A fortnight later he won again, the Disney Classic, an apposite title for this fantastical journey. All criticism was buried, all scepticism at the hype shelved. In the US, being a winner overrides anything. Even the country club set were besotted.

Two days short of his 21st birthday, on December 28, Sports Illustrated named Woods their Sportsman of the Year. Now it was the turn of supporters of the athlete Michael Johnson, the boxer Evander Holyfield, and the basketball player Michael Jordan to be outraged. Surely 1996 was their man's year? Possibly it was Jordan himself who assuaged them. He was asked whether he had any heroes. "Only one," he said. "Tiger Woods."

The Woods/Nike roadshow travels to Bangkok next week for a tournament that is totally meaningless in golf terms, but because Woods is in attendance has become a big media event. Woods playing golf in his mother's birthplace has already been lined up for a cover story in Sports Illustrated.

In time the Woods era may well be remembered for introducing the game to the computer generation; to inner-city blacks who hitherto rarely looked beyond a basketball court; for rewriting the record books; heck, who knows, perhaps changing humanity.

But what he has bequeathed the sport in the short term is the thrill of victory. No longer are America's young players satisfied with one win each season. The talented 26-year-old left-hander Phil Mickelson, who won four times last year and \$1.7m, described his season as "good but not special".

Now the big championships beckon. The ultimate test of a golfer's art: such has been Woods' impact it will be something of a surprise if he does not win one this season.

The evidence came on that California day last month, and Woods' one hole play-off against the Open champion, Lehman.

Who would you vouch for? The veteran who had shown his mettle under more nerve-wracking occasions, or the willowy youth who hits the ball 30 yards beyond anyone but whose ability in that department had been neutered on this occasion owing to it being a short hole?

Lehman went first. The Open champion, the US Tour's player of the year in 1996, struck a shot that would have embarrassed a mid-handicapper. It finished in the water that fronted the putting surface.

"All Woods has to do is aim for the middle of the green," said the television commentator Peter Alliss. True enough. But if Woods was the sort of player who aimed for the middle of a green there would not have been countless thousands of people prepared to put up with such wretched conditions.

Woods' six iron arched high into the sky before pitching 2ft from the hole. It checked before spinning back to sin from the cup. The roar was tumultuous, a sport embracing a talent that comes along once every lifetime. "I might have been the player of last year," said Lehman. "But Woods is the player of the next two decades."



Rugby

Missing a creator's edge

England need a first-class outside-half like Gregor Townsend, says **Huw Richards**

There is no more grievous accusation against a proud Celt than that of wanting to be English. It carries implications of social pretension combined with disloyalty to deep roots and allegiances.

Nobody has ever suggested that Gregor Townsend suffers from this affliction. But he could be forgiven if the thought crossed his mind as he languished, wasted, at centre in Scotland's pre-Christmas internationals and their Five Nations opener against Wales.

The Scottish selectors have seen sense and restored him to his best position of outside-half, together with his most effective partner, the vastly underrated Bryan Redpath, for this afternoon's meeting with England at Twickenham. But for as long as the Scots have a highly plausible alternative outside-half in Craig Chalmers, who won his 50th cap against Wales, and a marked shortage of centres, the temptation to exile Townsend to the three-quarters will remain.

It would not happen if he were English. They have five international-quality centres competing for two places – one already committed by the choice of Phil de Glanville as captain. But they are searching desperately for an outside-half.

Will Carling's attempt to switch to the No 10 shirt earlier this season reflected this balance. One element, no doubt, was the desire to try something new and different. But Carling did not get where he is today without a firm grasp of rugby reality. As a centre, he is part of the fiercest selection battles in the England side. As an outside-half he could pursue an obvious vacancy.

It did not quite work out. Carling's appearances for Harlequins showed that, as an outside-half, he is still a terrific centre. No discredit to him – it is asking a bit much of even the most gifted 30-year-old to master from scratch the demands and habits of the most complex position on the field.

Carling is also aware that this is not a new problem. He recently selected his dream England XV, a selection

predictably and justly packed with stalwarts of his own era. But not outside-half. For that position he went back to the Cornishman, Richard Sharp, whose last Five Nations appearance was two years before Carling was born.

It might be argued that

While the Scots command the creative edge they can hope

this displays an unsuspected sense of history – a fair case could be made for selecting Jackie Kyle for a parallel Irish selection or Cliff Morgan for the Welsh without implying that either country has since been devoid of No.10 talent. Reality, though, is that England's pivots have not been in the class of the Celts.

We should dismiss any notion that Englishmen are by some genetic quirk inca-

pable of playing outside-half, liberating though this would be for selectors who are under pressure to find someone with a little more flair rather than the reliable chap who will kick goals, find touch and keep his forwards happy. Paul Grayson, today's choice following the pre-Christmas traumas of the hapless Mike Catt, fits the archetype.

England's forwards have ensured constant success in the Five Nations championship. They have compelled respect from southern hemisphere opposition but, fatally at the highest level, have rarely been able to surprise them. Give them a first-class creator like Townsend – or his Scottish predecessor of a decade back, John Rutherford – and it might have been a different story.

This is not certain. It is the way England play, as much as the limitations of those available, which has made their outside-halves look so ordinary. Their game has been built around coupions, but slowly delivered, possession and firm adherence to a plan based

on control rather than individual initiative.

Rob Andrew, repressing more attacking instincts in the way that cricketer John Emburey forwent a more imaginative approach to provide England with a nagging, negative spin bowler who could tie up an end, fitted this game perfectly.

There is a strong element of chicken and egg in all this. England will struggle for a more expansive style until they find a world-class pivot, yet are unlikely to find him until they change style. An uncharacteristically imaginative leap may be required.

In this regard, it is too bad that England have decided not to risk Alex King of Wasps at outside-half today. He is not necessarily the answer but we know that the alternatives tried so far, for all Grayson's cool under pressure, are not.

In the meantime, those who prize the uncertainty of the Five Nations can give thanks for England's half-back uncertainties. Their pack, three-quarters and full-back all appear superior



Carling's choice: Richard Sharp, the Cornishman, is in the former England captain's dream XV. *524/4010*

to Scotland. But while the Scots command the edge in creativity and imagination – qualities that keep an opponent guessing and apprehensive – provided by Redpath and Townsend, they can hope.

Even greater hope will be in evidence at Cardiff where Wales, fresh from their best

five minutes in 20 years – the Murrayfield explosion which brought them as many tries as England managed in the whole of last year's championship – play Ireland. Victory over Scotland vindicated coach Kevie Bowring in his preference for an expansive style based around the brilliantly

unpredictable Arwel Thomas at outside-half and a clutch of recalled former rugby league players.

After disposing of a 12-year Murrayfield jinx, they take on their 14-year Irish one at Cardiff. England may be the likeliest champions, but Cardiff is where the entertainment should be.

HOW TO SPEND IT

Joie de vivre in a designer tea cup

There is nothing neutral about Christian Lacroix's latest range, says Lucia van der Post

Followers of Christian Lacroix know that where other designers go in for refined good taste, for understatement, for neutral palettes and streamlined shapes, that is not his way. He is the man for theatre, for rich historical allusion, for costume and for colour.

He inhabits a uniquely imaginative world which fashion commentators ascribe to his upbringing in Arles in southern France - an area with a strong and rich history of its own, filled with gypsy influences, with dark tales of religious dissension and gallantry, with bull-fighting, traditional dancing, Gallo-Roman ruins and relics.

Certainly, he ascribes his interest in his latest project - a range of tableware including china, serving pieces, linen and glasses - to his Mediterranean roots. "For the Mediterranean man that I am," he writes, "the

table, the tradition of sharing a meal and the care in preparing it are rites that to this day have a deep meaning. I like the strangest table settings, even mix-matched sets."

Christofle, the distinguished French company which describes itself as being involved in "tous les arts de la table que les arts de la table" (loosely translated as "all the arts of the table and nothing but the arts of the table"), is to be congratulated for giving him the free rein which Lacroix has so obviously enjoyed.

Here is clearly quintessential Lacroix, unimpeded by the fashionable dictates that grand brand names are prone to impose upon their designers - "re-interpreting archive designs, designing within the spirit of the house", et al.

What comes out above all from this new collection is a sense of sheer *joie de vivre* - anybody who could produce

such a rich, colourful and joyful collection has to be somebody at whose table you would love to eat, to gossip, to laugh.

Lacroix does not go in for the exquisite sophistication of neutrals and subtle shades of white and cream - here there are bursts of colour ranging from deep crushed raspberry pink for some of the tablecloths to a table set with a whole range of sugar almond colours (pale green, pastel blue, lemon yellow, lipstick pink). There are tea glasses in grass green, sky blue, raspberry pink and egg-yolk yellow.

There are rich damask cloths in the same sugar-almond colours of blue, lettuce green, pink and white (for the classicists). There is an old-fashioned porcelain tea-set (Follement), sporting that pink for which Limoges is famous, as well as some whacky pieces of silverware with handles sculpted like *passementerie*.

Lacroix has never minded acknowledging his debt to the past - many of his strongest influences have been flea-market finds from the bazzars of the world, ranging from the Sunday market in Arles to London's Portobello Road.

Just as his fashion is enlivened by a cross-fertilisation of ideas and influences, by historical references and images, so too is his tableware. All these are filtered through the energetic Lacroix eye and emerge in concrete form in his fashion and now in his tableware.

Take the carnation, an image that could be kitsch or cloying in less expert hands. Lacroix uses it *trompe-l'oeil* fashion on fabric (for tablecloths and napkins) as well as on Limoges china (for the tea set, sastrays, *bombonnières*, tart plates, coffee pots and the like). More *trompe-l'oeil* is apparent in printed lace tablecloths, which echo the



Pieces from the Follement collection in bluish pink



Crystal goblets in pink, blue, green and yellow



The table setting manages to be both light-hearted and luxurious

world of *haute couture* with images of delicate hand-made lace backed by linen.

And yet more references to the world of *haute couture* appear in the plates in the *Souvenir-Souvenir* collection of china. These feature drawings by Lacroix which seem to represent themes his fans know so well - the theatre, bullfighting, the 18th century, the heart and the sun.

He draws from all ages - Victorian (its prissy refinement is echoed in the Limoges tea-set), the 18th century (for his formal damask tablecloths), modern times for his *trompe-l'oeil* tableware.

Lacroix has never been one for rigid rules and when

his new collection was unveiled in the august salons of the Grand Hotel in Paris he did so in a refreshingly carefree manner.

The best of the table settings - a table covered with a lettuce green damask undercloth, a white overcloth and then set with his *Follement* dinner service in a mix of the sugar-almond colours and different coloured tea-glasses - managed to be both light-hearted and luxurious. It was light-hearted in its relaxed attitude to mixing

and matching colours but luxurious in the use of high-quality fabrics such as damask and finest Limoges and Christofle crystal.

It was given a modern edge by teaming the table with white painted chairs upholstered in brightly coloured vinyl but grandeur was added with an antique chandelier above the table.

All this may make the wares sound more expensive than they are. They are not outrageous - a boxed set of two Limoges cups and sau-

cers, for instance, will be about £69. Beautiful damask tablecloths with an all over self-pattern in pastel shades, as well as white, will start at £97. The cut-glass tea-glasses in stunning shades will be about £83 each.

Though many designers - Ralph Lauren, Versace, Kenzo, Romeo Gigli and Donna Karan - have cottoned on to the notion of providing already faithful customers with yet more labelled wares ("lifestyle" products) on which to spend

their money, few seem to have done it in so wholehearted and personal a way. Looking at this new collection it seems evident that it is authentic Lacroix - in other words, if you like the clothes you will love the tableware.

■ The Lacroix tableware collection will be on sale in the china department of Harrods of Knightsbridge, London SW1, and at Christofle, 10 Hanover Street, London W1, from mid-March.



The table linen comes in a range of glorious colours

Brocante from the UK

Lucia van der Post discovers an evocative range of furnishings

Is it an illusion or is it authentic Provençal brocante? Or could it simply be that that particularly enchanting chair you saw in a smart home interiors magazine or that slightly battered but oh, so perfect armchair, was found at Grand Illusions?

Grand Illusions has developed a unique line of almost instantly available and accessible furniture and furnishing accessories that look as if they have just been discovered tucked away in a French village. Only the

especially cynical or experienced eye would guess that it is all being made in the north of England to the designs of the two English owners of Grand Illusions.

Part of the reason the furniture looks so authentically scruffy is that it is made from timbers and joists that are genuinely old. All of it is more than 100 years old and it comes from houses and buildings in the north. The paint techniques are specially designed to make sure that no piece ever looks as if it had just emerged shin-

ingly new from some high-tech emporium. We are, you will have gathered, talking romantic here. This is not furniture for those who are addicted to Tom Dixon and Ron Arad, whose idea of furnishing a house revolves around experimentation and bold new materials. The whole collection - besides furniture, there are accessories of all sorts - has been, in the words of one of the owners, Nick Ronald, "truly, madly, deeply inspired by France, or to be more accurate, French Country Style".

It reeks of a certain nostalgia for ways of life that are fast vanishing even in *La France Profonde*, but that it has great charm it is hard to dispute.

If you have despaired of finding a traditional *armoire*, if you have long wanted a proper old-fashioned housekeeper's cupboard or a Love Seat *à la Monet*, then you will find these pieces in Grand Illusions' mail order catalogue.

The prices seem extraordinarily reasonable - pieces such as Monet's Love Seat, if found in a genuine antique shop, would sell for more than twice the sum that Grand Illusions is selling it for (£326). The housekeeper's cupboard (a bottom cupboard with doors and upper cupboard with four shelves with either wired or glazed doors) sells for £260 if in bare

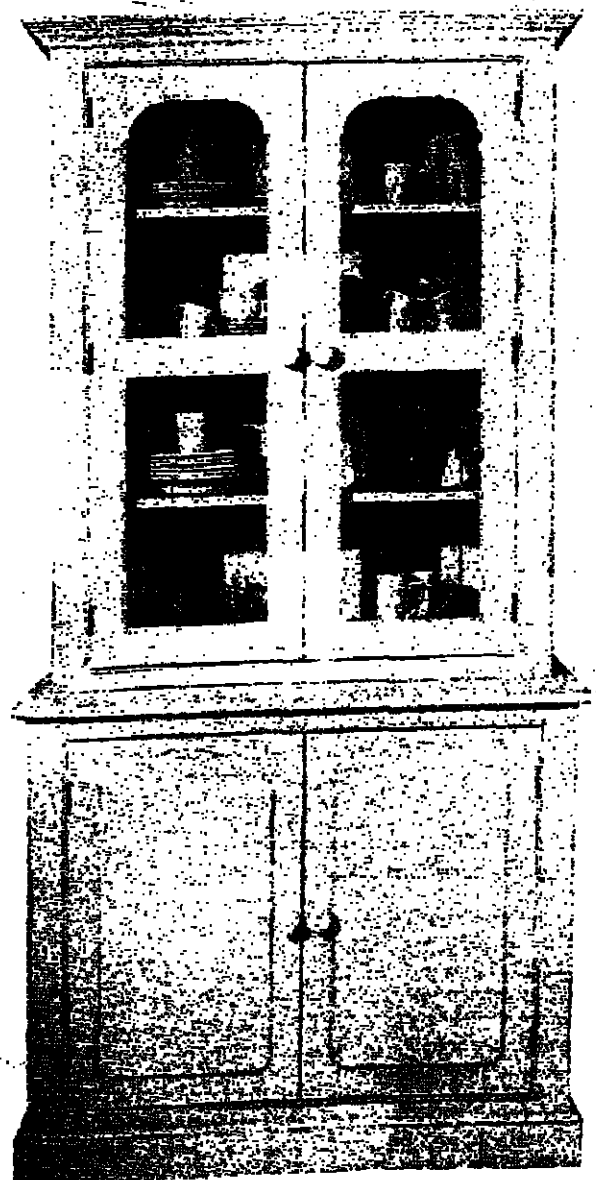
wood or £795 if painted.

Monet's dining chairs (copies of those from his house at Giverny) are £100 each (in bare wood). All the furniture can be bought either in bare wood or painted in one of 34 colours (all traditional colours made from earth pigments and china clay which emulate the flat milk paints of the 19th century).

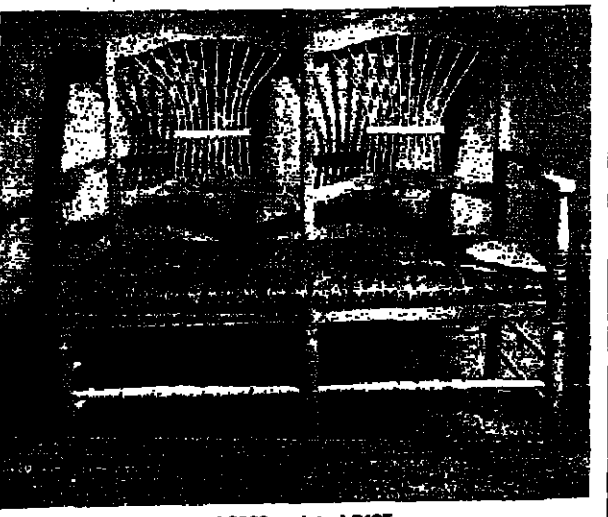
One of the most popular lines with those who work at home and dislike the high-tech look of much home office furniture are pieces that Grand Illusions has designed to have the practical function required (filing cabinets, desks and the like) but to look like domestic furniture. There are drawer plan chests, pedestal desks, drawer organisers and filing cabinets in either plain wood or painted with the colour-ageing technique and finished with "antiqued" handles and other fittings.

The accessories include striped blue and white china, countrified urns, candles and garden apertures, rustic pottery and the like.

■ Delivery of the furniture usually takes about four weeks. The catalogue is available for £1 from Grand Illusions, 2-4 Crown Road, St Margarets, Twickenham, Middlesex TW1 3EE (Tel: 0181-744 1046; fax: 0181-744 2017).



Housekeeper's cupboard (wired or glazed doors) painted £260



Monet's love seat: waxed £326, painted £425



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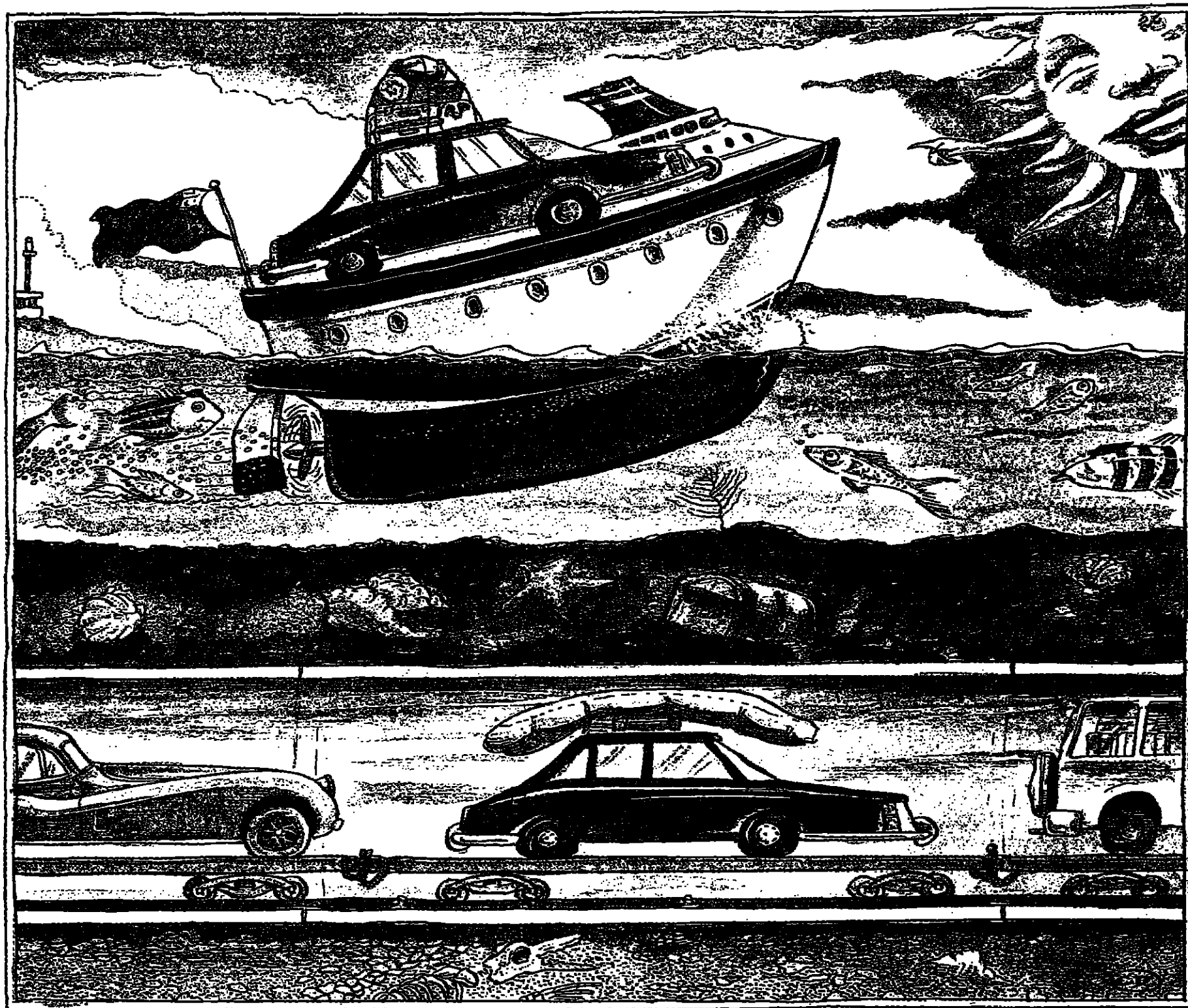


New York's imposing station is being turned into a place to linger, says Alan Ponsford

So be it, I decided. I took myself back to Cleopatra's Barge. There I strolled up to the bartender and, assuming a suave and elegant mien, asked for a martini—shaken, of course, not stirred. He looked at me, surprised. This being Las Vegas, he would not have

مكتبة ابن الجوزي

MOTORING



Le petit déjeuner sur la mer

In part one of a series on motoring holidays, John Griffiths tells how he prefers to cross the Channel

To take your car on holiday is one of those delightfully ambiguous phrases that implies you both need a break. It contains an element of truth. A car which has spent most of the year in the stop-start of the daily commute will be reinvigorated as much as its owner by a long, uninterrupted high-speed run to the sun.

The case for taking one's own transport on holiday from the UK, at least in Europe, is as strong – perhaps stronger – than at any time in the past.

The choices of holiday that have opened up on the Continent, as the barriers of central Europe have come down, has broadened considerably and become more dependent on having personal mobility on immediate tap.

To explore the beauties of Prague or Budapest, and the meanderings of the Danube, is now almost as accessible as dawdling in the Dordogne – and no less dependent on the private car.

As one-stop beach holidays have lost their allure, helped along by the remorseless growth of air traffic delays, the message has not been lost on the vacation-bound British. Motoring organisations estimate that 2m will take their

cars, caravans and campers across the Channel this year.

By the time most are ready to depart, the Channel tunnel blaze will be a fast-fading memory for everyone except Eurotunnel's bankers.

The number of passengers using the tunnel reached 13m last year, up from 8m the year before. The tunnel accounted for nearly half the total cross-Channel car market. For millions of car drivers, Le Shuttle has fundamentally changed the game in terms of who pays the ferryman and, more importantly, how much.

Le Shuttle is not quite ready to publish its summer holiday fares. But the 1997 offers of its sea-going rivals already reflect the savagery of the price war.

Book early, and the bargains are legion. Pay up by February 28 and £36 will buy a peak-season return crossing for a car on any of Stena's short cross-Channel routes: Dover-Calais, which accounts for 80 per cent of all cross-Channel traffic, and Newhaven-Dieppe. P&O is charging a niggardly £1 more. Both represent huge discounts on the prices in the brochure last year – a P&O peak return was £326 – and even on those for 1997 (£268, again P&O). Sea France has £79 return crossings for those who travelled

with the company at the same price last year.

So almost anyone who pays full price this year is likely to be travelling at short notice or has done no homework at all, or is not usually allowed out alone.

The less cheerful message is

Anyone who pays full price is likely to be travelling at short notice or has done no homework

that, if a Continental holiday by car is something indulged in only occasionally, then the time to act is now. By the end of March, we should know if the Monopolies and Mergers Commission has approved a merger on the Dover operations of P&O and Stena, in response to competition from the Channel tunnel.

If, as seems likely, the merger gets the nod, a new summer fares

brochure will be rushed out.

The terms are hardly likely to be as generous as those on offer now. But the competition mentality – even for those out of the immediate firing line – has led to other ferry fares being cut. In Brittany Ferries' case, for example, by an average 13 per cent.

Which cross-Channel mode to pick, however, is likely to involve preferences other than price differentials, for Le Shuttle's are unlikely to stray too far from those of the ferries.

For those whose holiday does not start until the first menu *dégustation* is wreckage on the tablecloth, the tunnel undoubtedly provides a flying start. Starting at the same UK departure time, the tunnellers can be well down the autoroute to Paris before one of Stena's finest has even tied up.

But for this motorist, at least, there is a better way. A 7.30am Dover-Calais ferry will do nicely. Park the car, grab the papers and head for the ferry's best restaurants. Time was, pre-tunnel, when the ferries on the short crossings could have taught a British Rail buffet a thing or two about the "dietary" breakfast: the kind you looked at for a minute to be put off eating for a week.

Now, they are superb. On both

P&O and Stena there is now the equivalent of airline club class; both companies' vessels proudly carry Les Routiers, Automobile Association 5-star and other all-motoring accolades. If there is an occasional off day, I have yet to encounter one. The "full house" traditional English breakfast from either is as fine a creation as in any hotel; the staff are fully trained in all the niceties of serving it and best of all, appear genuinely to enjoy the job – a sea-change if ever there was one.

If there is a threat to this appealing scenario, it comes from the ferry operators themselves. In its anxiety not to lag too far behind Le Shuttle, Stena, for example, has introduced super-fast ferries like the Lynx III which can whistle 160 cars and 600 passengers across the strait at nearly 50 miles an hour. Breakfast is still there on Lynx III, but it is no longer quite so leisurely. There is a hint of haste to what, on slower vessels, is the perfect brewer for the long slog south. Stena could have saved itself a lot of cash. Like a lot of holiday travellers, I suspect, I'd rather have the umpteenth cup of coffee...

Next week, Part II: Do not upset a French policeman

Manners maketh man

And that includes the motorist, suggests Stuart Marshall

For golfers, etiquette means replacing divots on the fairway, removing pitch marks from the greens and not holding people up by slow play. And for drivers? Is there such a thing as motoring etiquette? There should be; it would make life on the road more pleasant and less perilous for us all.

Correct Conduct, or *Etiquette for Everybody* is the title of a pocket-sized volume I picked up the other day for £1 at a second-hand bookshop. It was published, priced one shilling (5p), as one of a series in, I would guess, the early 1920s.

There are chapters on proper dress – "to be unkempt is to slight those whom you are visiting" – and eating: "do not use the fork as a navy does a shovel". On casual encounters, the book admits that a man who meets his parlour maid in the street is in a quandary. "The strict rules of etiquette prescribe a nod: the fact that she is of the opposite sex suggests that his hat should be lifted. We advise him to raise his hat and not nod." So there.

"Do not say goodbye to your friends on the pavement while an uncomplaining conductor is waiting to start the bus or tram," says the section on public transport. "And remember that the raising or lowering of a train window should be at the discretion of the traveller who sits next to the door and faces the engine."

I thumbed the pages eagerly to find out how a car driver was expected to behave 75 years ago. Should he, perhaps, raise his hat before giving a jay-walker a warning foot on the kerb? Did a gentleman in a motor car allow a horse-drawn carriage to take precedence at a crossroads? I shall never know because motoring was too much of a minority activity then. The author, a Mr M. Woodman, gave it not a single mention.

Let us, then, move on to 1997, with the car used for 90 per cent of all passenger journeys and trucks shifting the same proportion of the nation's freight. What advice would Woodman have for drivers and other road-users? I like to think that, for a start, he would say:

Do not drive through towns and villages too quickly; it is ill-mannered, potentially dangerous and positively illegal. Frequently, it is also pointless. You arrive at a red light five seconds earlier that you would have done if driving considerably and then have to wait that much longer to get moving again.

Do not forget that towns were created by and for people, not vehicles. Pedes-

trians no more want to step round cars illegally parked on pavements than you would wish to drive round them if they decided to walk in the middle of the road. Your car has a horn to give warning of its approach. Do not use it to vent your anger and impatience.

If ever tempted to make vulgar gestures at other road users or use foul language towards those who displease you, remember that you are only parading your coarseness for all to see. Do not shoot out of a side road and make approaching traffic brake, only to turn into your driveway a few yards further on. It is the motoring equivalent of letting a door slam in someone's face.

Never be tempted to ride on the back bumper of the car ahead of you when driving on motorways. You would not walk so closely behind anyone that, if they stopped, you would tread on



their heels or cannon into them. So why do it in a car, when the practice is dangerous as well as discourteous?

When using the radio or tape player in your car, remember that it is for your personal entertainment. Lower the volume to a reasonable level. Otherwise you will cause great offence to passers-by who may not share your taste in music.

Do not leap away from the traffic lights with spinning wheels and screaming tyres. It is not clever; merely a demonstration of how an inadequately trained chimpanzee might drive a car. Onlookers will regard the noise and pollution you are causing as a sign of your arrested development, probably aggravated by an unhealthy taste for reading too many "go faster" motoring magazines.

Perhaps it is just as well that Woodman is no longer with us. If he were, he might decide that trying to improve the manners of many motorists was already a lost cause.

Recreation? You must be joking

Writing from Gatehouse of Fleet, Scotland, J. E. Russell chides me for "promoting a myth fostered by an ignorant motor industry that 4x4s are recreational vehicles" when describing Ford's new Explorer recently. In Gatehouse, 4x4 on-off roaders – mostly Japanese makes with 1.6-litre engines – are, he says, run by the doctor or the vet. "Recreational? You must be joking. They are the tools of their business. For recreational motoring they use their luxury saloons."

Russell does not say what kind of 4x4 he drives but I suspect it must be a Suzuki SJ410. "Pensioners like me who live up hills need 4x4s to get about. A 1-litre engine does me well enough. A big advantage of a 4x4 in summer is its higher ground clearance, enabling us to go on forestry tracks. We use them for recreation when the weather is good, but of necessity when it is not."

"We get the city expense-account gents in Range Rovers and their equivalents, who come towing expense-account boats for

water-skiing. These are the only people struck with the myth that 4x4s are "recreational vehicles." Which, of course, to them, they are.

Russell's friends who tour the continent tell him that France is full of Citroën AXs and BXs with four-wheel drive that are unknown in Britain. He thinks they would be of more interest than "American gas guzzlers, unless you have someone else buying your petrol".

A good point, though it has to be said that four-wheel drive versions of normal road-going cars (for example, the Fiat Panda, Ford Sierra and Granada, Peugeot 405 and even Audi Quattros) have never attracted many buyers in Britain.

Subaru's faith in all-wheel drive cars is undimmed. Its Justy, at well under £10,000, and its equally affordable Impreza hatchbacks and Legacy estates tackle snowy roads and hills with confidence and economy. When winter is over, they are nimble, sure-footed and safe and just as comfortable as any two-wheel-driven rival.

Stuart Marshall

Motorcycling

Fear not the biker – he travels in peace

Peter Whitehead makes the case for road-users who are always fighting others' first impressions

My daughter's cough had worsened and if the family was to get any sleep that Saturday night I would have to reach Boots the chemist before it closed.

I had 20 minutes. Boots was 15 miles away. Only the bike would give me a chance.

Leathers on, boots on, helmet on, start it up and I was away in search of a humidifier – a plug-in device that puffs out steam to moisten a coughing child's air passages and simultaneously loosens your wallpaper.

Dual carriageway speeds nearly all the way left me

with four minutes to park and burst in before the shop's shutters came down for the weekend. I am a stickler for parking legally and with a motorcycle it comes easily.

Boots was still open and I charged in – 6ft 2ins of black leather and determination. Shoppers scattered, assistants took cover.

Would anyone help me find a humidifier?

Then I experienced their over-compensation. As soon as the staff realised that I came in peace, I became top priority. They said: "Of course, I can help, sir." (to me) and "I'm sorry, I'm serving this gentleman" (to other customers).

Motorcyclists who double up as fairly normal beings experience this phenomenon all the time. Fear and loathing at first sight turns to relief and a friendliness far beyond that which the occasion demands.

Some motorcyclists are best left unaggravated (as indeed are some car drivers) while some "professionals" – dispatch riders, pizza deliv-

ers – allow their work to make them more aggressive and less polite than might be wished for.

But while ordinary riders are, for the most part, among the better behaved road users, bikers are given fuel aplenty for feeling very much outsiders. In heavy traffic, there is always the odd car, van or lorry driver happy to make room for a motorcyclist but there are many more who will inch out of their intended path just to block your progress.

It is often said that drivers should gain first-hand experience of motorcycling before being allowed on the road. It would certainly open their eyes to the serious dangers to which their discourtesies expose us but I feel that is going too far.

Education might be enough. Let drivers know, for example, that motorcyclists are taught how to overtake stationary traffic: it even has a name – filtering. Let them know, moreover, that bikers will fail the test for their full licence if they do not make such progress.

Tell them that on a bike, riders are closer to what is happening, they see what other road users cannot. They are higher, react more quickly, and usually have greater acceleration at their fingertips than every car

space, take less time for their journeys and use fuel more efficiently.

Think about the length of the jams if, on any given day, every biker used a car instead. Think about the city-centre parking mayhem that would follow if every motorcyclist leaning at rest on the side of the road were replaced by a car.

Bikers are doing all other road users a huge favour. Yet signs of gratitude are often looked for, seldom seen. And simply because of our appearance – black is the uniform colour because camel or khaki would quickly turn black anyway, not because of any ill intent – we are expected to put up with almost anything.

I have an example. For some time, hideous slime emerged from cracks in the giant brickwork supports that hold up Southwark Bridge, beside the FT's offices in London. Looking three parts primeval and two parts plain evil, the beige sludge trailed down the walls and gathered itself on the tarmac.

around them. They are more alert as they have more things to do on a bike – and because their lives depend on it.

And drivers should be made to realise that motorcyclists, far from worsening road congestion and pollution, are alleviating the problems. They take up less

The bad-boy image – which I revel in myself from time to time – is no longer accurate

Next week, Part II: Do not upset a French policeman

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FOOD AND DRINK



Cookery

Spare a thought for the prized spud

Philippa Davenport says it is time we were reacquainted with one of our more staple foods

The frontispiece of Gerard's Herbal, dated 1597, shows the author holding a flowering sprig of what has become the third most important crop in the world, the potato. Rice, bread and other wheat products, polenta and derivatives of maize, all have their fans, and true Scots believe good mornings begin with porridge oats. But taking Britain as a whole, the potato is our best loved comfort food, the only ingredient most people eat as part of their main meal daily.

Why, then, if we claim to like potatoes so much, are we so careless about them? Prized potato varieties were traditionally handed down from mother to daughter in Chile and Peru as part of a bride's dowry, and as many as 50 different sorts might be planted in a single field, a diversity designed to guard against devastation by pest, disease or adverse weather conditions.

The tragedy of failed crops and subsequent famine in Ireland ought to have taught us the importance of biodiversity, but virtual monoculture is widespread in Britain and Ireland, and our children risk growing up potato ignorant.

How many schoolchildren

today can name more than half a dozen potato varieties, or even one or two? I suspect most have never seen earthy, freshly dug potatoes, may not even know that they grow underground. They recognise potatoes only in cooked or supermarket guise - as packets of crisps or bags of raw crinkle-cut chips in freezer cabinets.

To allow the next generation of cooks to become so distanced from the reality of one of our main staple foods is scandalous. Some basic understanding about food is an essential life skill, and I would like to see any school with a patch of spare ground turn it into a vegetable plot to be tended by pupils and teachers. Primary school children are not too young to benefit.

If growing is out of the question, the potato lesson should begin in the classroom with handling a selection of "dirty" potatoes, discovering the shapes, sizes and colours that distinguish one variety from another (from flaky paper-skinned, kidney-shaped Jersey Royals to round, prettily flushed, deep-eyed Kerr's Pink).

Children should be taught to recognise quality and freshness, to look out for potatoes that feel firm and heavy for their size. They

should take part in tutored tastings, to assess the different flavours of different varieties (and compare organic versus ordinary specimens within a variety). They should explore the characteristics of floury versus waxy potatoes and the cooking methods most suitable for each type.

It has always puzzled me that a child's first cooking lesson, whether at home or at school, tends to be in the cake category: rock buns, rice krispy chocolate clusters et al. Why such perverse determination to encourage a taste for empty calories and invite potential dental caries in our children?

A sweet-tooth may be acquired more quickly and easily than a love of vegetables, but though many children may at first hate greens and carrots, I have yet to meet the child who refuses mashed potato. Mash is a winner - and teaching a child to make it is probably the single most useful cookery lesson he or she will ever receive.

The technique is not difficult or so lengthy that boredom will set in. The transformation from solid potato to mash delights young cooks. The ingredients are cheap, the results nutritious, comforting and delicious in their

own right. Once learnt, dozens of other recipes follow naturally in its wake, building up easily a solid repertoire that will stand the home cook in good stead down the years.

Basic mash can be varied by adding different flavourings (garlic, mustard, saffron or grated cheese, for example), and any of these vari-

Many children recognise potatoes only as packets of crisps or bags of crinkle-cut chips

tions can be turned into a sloppy, French-style potato purée by thinning it down with extra liquid or fat.

Another favourite trick is to replace up to half the potato with a second vegetable. Celeriac, leeks and parsnips are particularly popular for this purpose.

Mashed potato is excellent for thickening soups. Simply crush the spuds into the cooking liquor, using stock

or milk instead of plain salted water according to whim or recipe. Classics include a mild boiled onion and potato soup made with milk; a stock and potato soup finished with plentiful flecks of peppery green watercress; and caldo verde, in which thin, salt-watery potatoes and their liquor are laced with a handful of finely shredded cabbage, optional snippets of chorizo and a cold swirl of virgin olive oil.

For summer eating, the addition of leeks and cream to a basic potato soup produces elegant cream Vichyssoise. I am especially fond of herb and potato variations on the theme; both chilled lovage Vichyssoise and a creamily fragrant green coriander soup feature regularly on my menus.

Leftover mashed potato is so useful that many cooks always make more than they need for one sitting, with future meals in mind. A blanket of mashed potato will roof fish, cottage and shepherd pies. A nest of leek and potato purée with hard-boiled eggs slipped into it, masked with cheese sauce and browned under the grill, makes soothing Anglesey eggs.

Extra ingredients can be worked directly into cold

mashed potato to good effect. Think of bubble and squeak, fish cakes, floury Irish potato cakes and croquettes, all of them fried, and potato gnocchi, which are poached.

I suppose we all think we know how to make mash. But, just as there are potatoes and potatoes, so there is mash and mash, and many grown-ups might learn a thing or two from starting again from scratch. Try the recipe below and you may discover what a difference attention to detail can make. My mash has certainly taken on a new lease of life as a result of whipping it in air.

This is food for the gods, food for grown men and food for just weaned babies (well, without the mustard). And as Lindsey Bareham points out in her heavenly feast of a book, *In Praise of the Potato* (Penguin, £9.99, 320 pages), mash is just one way to cook the versatile spud.

LINDSEY BAREHAM'S MUSTARD MASH (serves 2-3)

The perfect mash for savages and mash. 500g floury potatoes (King Edward are Bareham's favourite, I have been using Kerr's Pink, Wilja and Romano this week); 50g butter; 50-100ml milk (see

method); 25ml cream; 1 tablespoon or more smooth traditional Dijon mustard.

Peel the potatoes, cut them into even-sized chunks and boil fairly vigorously in salted water. Drain well in a mouli-legumes fitted with a medium-fine blade.

Rinse out the pan and heat 100ml milk. Pour off and reserve 50ml of it. Dice the butter, add it to milk remaining in the pan and heat again briefly to melt the fat.

Away from the heat, mouli the potatoes into the pan. Mix dry matter and liquid with a wooden spoon or wire whisk. Add the cream, mustard and a grinding of pepper, and beat the potatoes for as long as your arm can stand it, adjusting seasoning to taste as you go and adding some or all of the reserved hot milk to get the consistency you want. Reheat in a double boiler if necessary.

Next Saturday, February 8, Henry Doubleday Research Association's Ryeon Organic Gardens, near Coventry, will celebrate the potato. There will be talks on all aspects of potato history, cultivation and cooking; experts to consult; and 80 varieties of seed potatoes on sale. For details tel: 01203-308517 or fax: 01203-638229.

Lunch for a Fiver Bigger and better

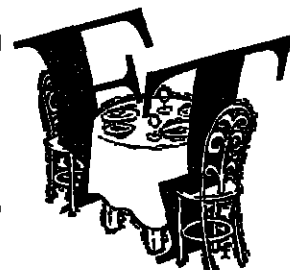
Lunch for a Fiver (£7.50 and £10) 1997 has proved bigger and more enjoyable from all accounts than any of its three predecessors. It has also meant a considerably larger mail/fax bag.

Most touching was a letter from a reader who went out with a group of friends to celebrate his 66th birthday with an £10 lunch at Sarastro restaurant, Covent Garden. The party donated a total of £250 to Save the Children which the proprietor, Richard Niyazi, then matched. Enclosed with his letter was the cheque for £500.

Collecting all the donations will take time and I hope to announce the overall amount, together with the restaurants you have judged to be the best in their price category, on March 1.

Most restaurants served even more FT lunches than in previous years. Steven Doherty, proprietor at the Punch Bowl, Crosshwaite, Cumbria, faxed his letter in haste as service was about to begin for his daily quota of 90 FT customers throughout the promotion. Kenneth Anderson, proprietor of the Marlborough Arms Hotel, Woodstock, said that what was normally the quietest time of the year had been transformed into a peak season week - several customers even booked for weekend breaks in the hotel.

Joel Kissin, managing director of Conran Restaurants, reported that the FT lunches at Mezzo, which



reached 170 on several days, had been "a great success", and extended the offer into a third week. More specifically, executive chef John Torode added: "The FT lunch brought in a lot of customers from around the City who had abandoned the West End at lunch since the terrorist threats last summer."

At The River Café, W6, 50 per cent of its 90 covers for the fortnight were FT lunches - on the first day of the promotion every table was filled by 2pm. Co-proprietor Rose Gray said: "The FT lunch brought in a lot of customers who cannot normally afford our prices, as well as quite a number of chefs from other restaurants keen to eat here."

Finally, a fax came from a woman calling herself Mum of Laxfield, Suffolk. It began by describing how Dad had to be dragged from his shares and fax machine; how they stopped en route to the Regatta restaurant, Aldeburgh, to buy paint and a new lock and then wrote how delicious their FT lunch was: prawn toasties with sesame seed and oriental dip followed by Dover sole with angel hair noodles and mushroom sauce, a bottle of Chablis and mineral water.

Thank you, it ends, and we are looking forward to 1998, the fifth anniversary of the FT's Lunch for a Fiver.

Nicholas Lander

Sportsman of the hog world

Giles MacDonogh on the clean, green life of the voracious Iberian pig

It was a nasty time of the year to visit the Estremadura on the Spanish-Portuguese border, but the pigs seemed happy. We ran into a little clutch of them standing up to their elbows in a stream of the colour of tomato soup with cream. Then we visited one of their sties in the high sierras. They all came rushing out in twos and threes to see the strangers.

Sometimes they collided with one another in the narrow aperture and were temporarily jammed in the door. Then they scurried off squealing into the *dehesas* or oak wood - red ones, black ones, red and black ones - and began to gorge themselves on acorns from oaks and cork oaks.

It is odd to see a pig run, their front trotters flung forwards, the hind legs shooting backwards. There are no flies on an Iberian pig. It has an appetite, too. Indeed they are little machines for converting protein into fat. In a day a pig of 80kg or more can scoff a 10th of its weight in acorns, chestnuts, quinces or windfall olives as well as another 2kg of grass.

If you leave the pigs in a field or oak wood for too long it will lay it bare, even

stripping wizened centenarian olive trees of their bark. One field we saw looked as bleak as Flanders after the artillery barrages of the first world war.

This is the original Mediterranean hog, before mostly British genetic engineers began crossing the beast with oriental pigs to get bigger and fatter carcasses. It still lives a good life for a pig. The British hog at nine months is too fat to walk, weighing in at 120kg; the Iberian lives for 16-18 months and is slaughtered at a minimum of 160kg.

It used to get more time on earth: two years and two cracks at the *dehesas*, but everyone is in a hurry now. At the end of its life the Iberian pig is still trim and graceful on its long legs. As one man put it with fierce local pride: "The Iberian pig is a sportsman."

We saw the sportsman, well, bits of him, in the capital of the Iberian pig, Jabugo in Huelva. In and around the small hill town are the 30



Hungry hogs: if you leave the Iberian pig in a field or oak wood for long it will lay it bare. Magnus Photos

companies licensed to sell Iberian ham products under the DO or "Denominacion de Origen". One of the largest is Sanchez Romero Carvajal, part of the Osborne group, most famous for sherry.

We went for a tour of the plant and saw slicing and cooking chorizos; black-pudding like morcillas; oval morcillos looking like slightly deflated rugby balls; and long strips of loin hung up over oak braziers to cure. Downstairs we met the hams and shoulders. Their preparation could not have been simpler. They are buried in salt, washed and hung up to develop benign white mould which seasons the hams for the next two years.

We repaired to a handy little bar next door where a glass of fino was served and several plates of the loveliest ham in the world.

There is, in fact, more than one Iberian pig. There are as many as four or five sub-species, including the negro (black), rubio (red) and retinto (dappled) breeds mentioned above. My dream that the Iberian pig had remained free from genetic interference, however, was shattered during my visit to Jabugo. They blamed the English for the spotted or Manchado pig. Apparently British agriculturalists began working on the Iberian pig as early as the 18th century, crossing it with an English breed.

The Spanish themselves have done worse since. Atri-

can swine fever and the sausage makers of Gujuelo near Salamanca nearly succeeded in eliminating it altogether. The swine fever was brought in from Angola, they say, via Portugal.

Even now Portugal is blamed for a lot of the things that go wrong with the pigs: wild boars returning from raping and pillaging in Portugal mount Spanish sows thereby sowing death and destruction among the breed. The Gujuelo farmers, keener on sausages than hams or loins, interbred the Iberian pig with modern Duroc swine to get faster-growing, meatier pigs.

The mixing of the breeds which went on in those dark days means that it is hard in some cases to guarantee the purity of the pigs. Agreement has been reached to limit the DO label to 75 per cent pure Iberian beasts and above. Many locals wanted to settle at 50 per cent.

Señor Roviga of Sierra Mayor, one of the more enlightened ham producers in the area, says he would happily insist on 100 per cent if he were to receive some encouragement from the government and the European Union in particular, but the latter withholds the subsidies to them which are shelled out to farmers breeding hybrid hogs.

He has a point. As we headed for the regional capital of Zafra our driver argued vociferously that the

John Armit Wines and Château Latour Dinner at Sotheby's

Thursday, February 20th, 1997

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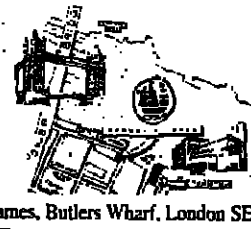
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PROPERTY

Andalucia's year-round retreats

Gerald Cadogan discovers a superb, remote place beyond the Costa del Sol's high-rise developments

Behind the Costa del Sol, the mountains of southern Andalusia start. This is another world from the high-rise and golf developments of the coastal strip.

Ridge after ridge they stretch up towards Ronda, home of Spain's oldest bullring, and Seville. On the lower slopes, almonds and mimosa are in bloom, and the oranges and lemons sparkle against the trees' dark leaves. Higher up, the country turns to bare rock, gorges and upland plains. The villages are universally bright white under red, pink and ochre tiled roofs.

Much of Andalusia's tough mountain culture survives - many of its people died brutally during the Civil War. Cork oak strippers (in summer) and chanterelle gatherers (in winter) continue to

make a good living, as they have for centuries. It is a superb, remote place to live, as expatriates have discovered over the past 15 years, leading to the nickname "the Spanish Chianti".

The weather can be extreme though. This winter has been the second wet one in a row after four years of drought. Everywhere roads have collapsed, mud slides abound and the long tracks to the houses are unusually rough. But there is an upside - it is turning into a vintage year for wild flowers, making a visit to Andalusia between now and May a visual treat.

I stayed near Gaucin (an hour's drive from Gibraltar/La Linea) at La Almuna, a friendly guest house on a cortijo, an old farm on a 100ha (250 acre) holding with 12 houses (one is for sale). Provided you like dogs and

an unregimented life, it is an ideal base for walking, riding, painting and sight-seeing. It is also a good base for house or plot hunters, especially since Diana Paget, owner of La Almuna, knows almost everything about the country and its properties.

Comparing southern Andalusia with Chianti is too simple. Both areas have British gentry, true. But although foreigners' houses are fewer in Andalusia than in Chianti, many live here all the year round, while in Chianti, around Gaiolo, 1,000 UK summer residents shrink to 10 in the winter.

It is easy to reach the outside world from Andalusia, with many flights available to and from Malaga and Gibraltar. (Those in the know travelling to Andalusia via Gibraltar hire their cars in Spain at La Linea on the border and walk through the



Breathtaking views towards Gibraltar and the mountains of Africa from the secluded Cerro Herrera near Gaucin, a Cortijo with typical Andalusian house set in 11 acres

frontier to avoid the hassle of taking the car through Spanish customs.)

The sea is near of course, unlike Chianti, if you want to walk on the sand on a sunny day in winter. Most of the time, however, you forget the razzmatazz of the coast.

Because of the size of the mountains (up to 1,919 metres south-east of Ronda)

and the width of the river systems, the country is more open, more grand than Tuscany. Views from the mountains are superb, inland or down to Gibraltar or, on clear days, across the sea to Morocco in Africa. Maybe as a small reminder of the Moorish influence in Andalusia - the Moors occupied the region from 711 to 1492 - trips to Morocco are available by ferry through Algeiras.

Buyers should ask for a *finca*, that is a smallholding, which may have a building on it ranging from a cortijo to a pigsty, or no buildings at all. In the latter case, ask what is the minimum area in the commune that can qualify for a permit to build. A local contact is essential, and it is wise to stay up in the hills during the search. Houses are often for sale privately by the owner, or sit for years, semi-for-sale, until the owner finds a good enough offer. Patience is essential and one must network hard.

According to Robert Germaux of Haciendas Real Estate Group, plots for building are far better value than on the coast, where 1,000 sq metres (the minimum

required by the planners) costs Pta15m-Pta40m (£70,000-£180,000). Inland, where the minimum can be up to 10 times more, expect Pta10m-20m. Two houses Germaux is selling near Ronda, each for Pta78m, illustrate the up-country market neatly. One is a top-notch house with five bedrooms and 20 hectares,

'Don't expect to make money in agriculture as a foreigner'

the other is a ruin with 130ha, enough land to afford privacy and the chance to rebuild.

Germaux cautions "don't expect to make money in agriculture as a foreigner unless you happen to have a cork oak forest", where 600ha can bring Pta100m every eight or nine years (the cycle for de-barking cork oaks).

On the edge of Gaucin Cerro Herrera is a glorious

house, conjured out of a shepherd's hut and a pigsty, with mountain views and a fine garden, which owner Christopher von Meister is selling directly for £420,000, in sterling to avoid the effects of further declines in the peseta. Or buy the 120ha working farm of Cortijo Pizarro from owner Rafael Calleja. This house is built around a maze of small courtyards. The farm has cows and horses, and a herd of black pigs. The price is Pta260m.

Rosemary and lavender proliferate at Puerto Llano, a rebuilt old farm (with efficient central heating) in arable country between Ronda and the ruined Roman theatre (worth a visit) at Old Ronda. Owner Art van Krusselbergen offers it at £350,000.

Below Gaucin in the valley of the river Genal, a tributary of the Guadiaro, Las Limas, is a villa which looks more like those in Italy, and full of oranges and mimosa. The guide price from agent Luna Krom-Möller is \$560,000.

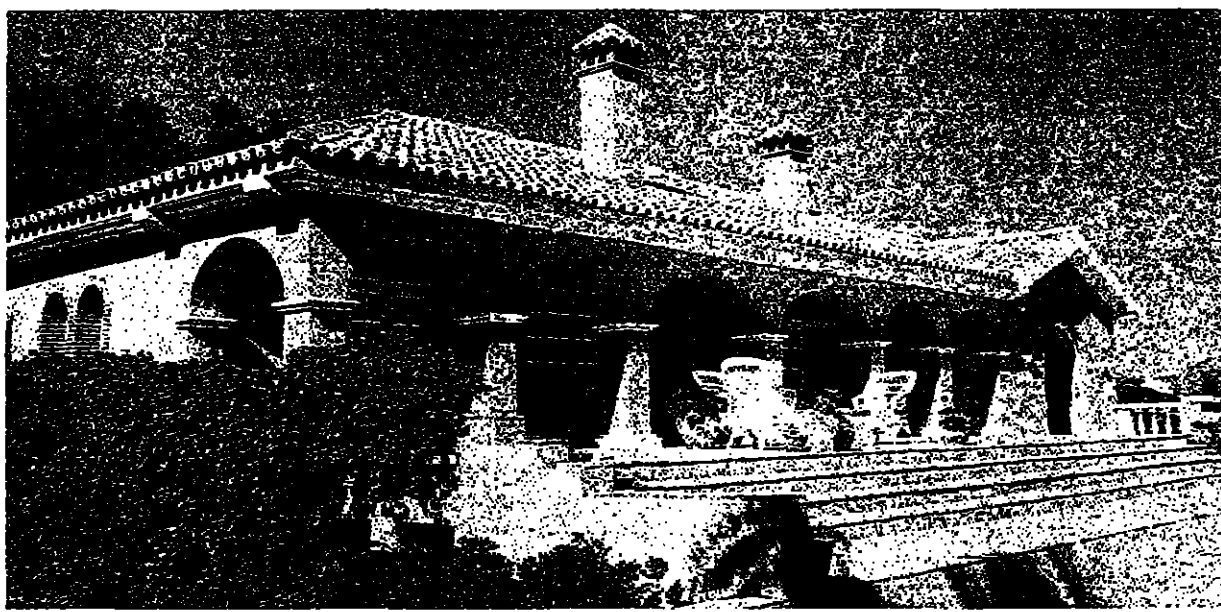
The elegant, pink Casa Rosada near Manilva is a pleasure-dome by the sea, set high above the strip and

boasting feral green parrots. It also has a dark blue tiled pool, the views from which are stunning. Hamptons asks Pta120m.

Buyers are advised to engage a Spanish lawyer, especially to check that there are no outstanding mortgages or unpaid taxes (for which you could become liable). Buyers should also avoid under-declaring the value of their property to the Spanish authorities, lest when the time comes to sell, they find they have created an unrealistically large capital gain on the profit. Hamptons's policy is to declare the paid price.

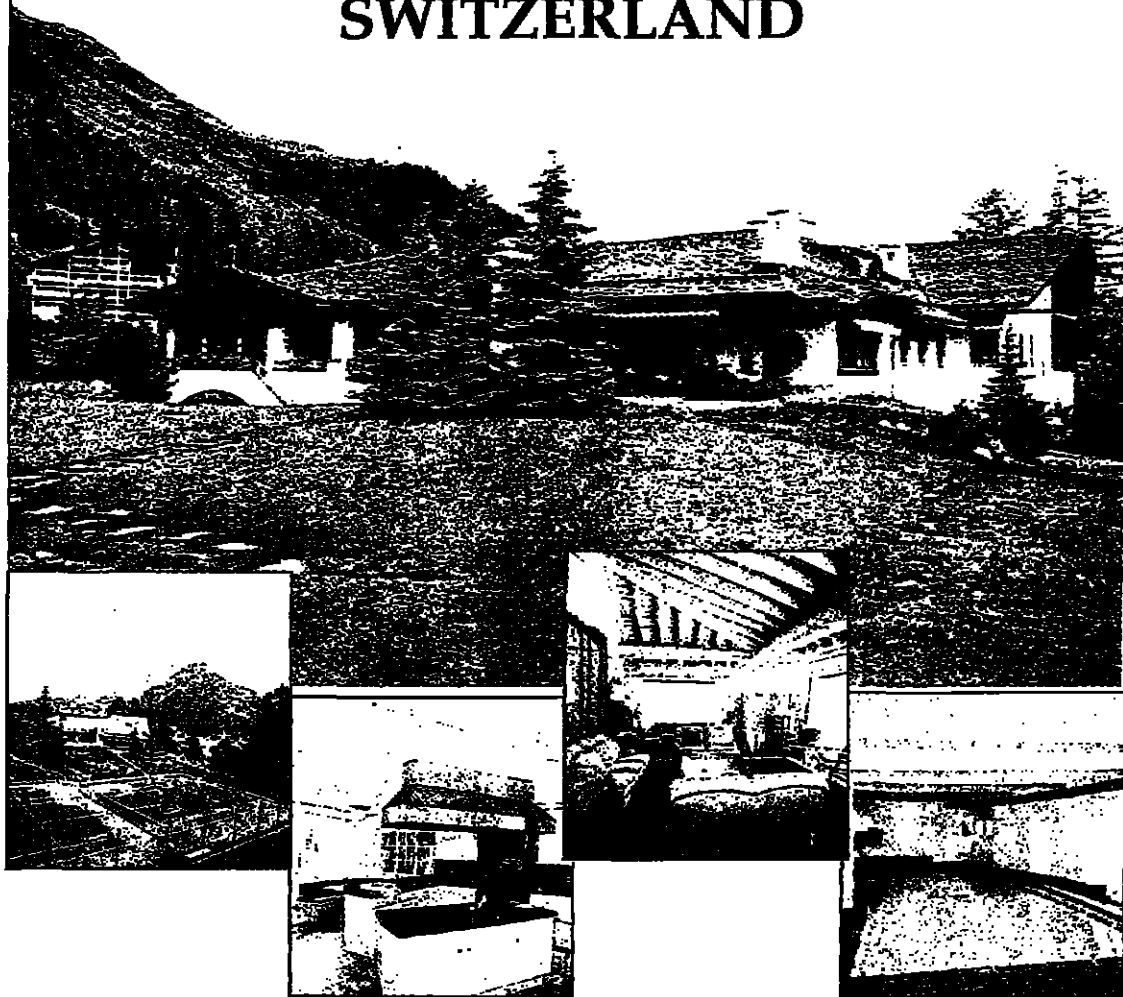
Finally, on inspection, pay particular attention to the ceilings. Are there stains? Or did the roof survive the hard test of the rains of 1996-97?

In Spain (0034): Rafael Calleja, Madrid (1-411-8755); Haciendas Real Estate Group, Benahavis (5-285 5595); Hamptons, Marbella (5-286 1909); Luna Krom-Möller, Marbella (5-282 7215); Art van Krusselbergen, Ronda (5-211 4227); Christopher von Meister, Gaucin (5-215 1303); and La Almuna guesthouse, Gaucin (5-215 1200).



Pleasure-dome by the sea: the Casa Rosada near Manilva boasts a pool with spectacular views. Hamptons is asking Pta120m

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PROPERTY / OUTDOORS

If this weekend is like the last one, gardeners will be in heaven and the season will be running beside them. The clear, warm days reminded us why photographers eliminate most of the British winter and print pictures which make gardens look wonderful in January. The light frost and the warm sunlight brought out the bare, spare architecture and still left us with a Saturday and Sunday in which the ground was workable.

The first stirrings of a new season are already showing on irises, primroses and wild violets. They send me at once on a hunt for my hellebores, where I will soon be expecting buds and will need to take careful action. Hellebores are almost as fashionable nowadays as colour photographs of the winter garden seen through hoar frost. Unlike those photographs, they really do recur from year to year, whatever the weather, and we are now entering an era of apparent improvement and greater availability.

The new scope for hellebores was also evident last week at the first of the RHS shows in London. It is now 11 years since I first fastened on the remarkable talents and qualities of the management at Ashwood Nurseries, Greensforge, Kingswinford, West Midlands. It has expanded into winter-flowering wild cyclamen and hellebores, for which it won yet another gold medal from the RHS for a January exhibit. It outclassed everything else on show, although it did say modestly that the neighbouring exhibit of the Cyclamen Society, which it also outclassed, had perhaps been unable to call on the same facilities under sheltered glass.

Ashwood has only been experimenting and collecting hellebores for about five years but its efforts refute those who believe that all modern breeders spoil the families on which they work and that the best varieties were those, now lost, which once struggled on in their own great-uncle's garden.

Ashwood showed another remarkable array of yellows, pure whites, pink shadings and spotted forms beneath two spotted *Witch Hazels*. It also included the small pink wild Tibetan Hellebore which the owner-director had acquired from Japanese sources and which had probably never been seen at a show or even in a British nursery before.

The great point about the new garden hybrids is that they are excellent garden plants and are uncomplicated. They sell at the nursery from about £5 each upwards but are not supplied by post. Impatient gardeners will not regret a journey in the next six weeks or



In fashion: there is new scope for using the excellent hellebores

Gardening

Early dawning of a new season

Robin Lane Fox finds some top hellebores at the year's first show

so to see them at their best and buy mature plants. The rest should also consider sowing their selected seed which is usually despatched in July.

The nursery takes it, hand-pollinated, from their best specimens and lists it by individual colours and shades. It reminds us that their parents are now the result of complex breeding and the children are bound to vary.

These hellebores are certainly not as simple as mere hybrids of the orientalis line, which is widely advertised elsewhere. The seedlings are varied and not difficult to raise. They need no heat to germinate but do need time, up to 12 months. Their enemies are drought and slugs but when they are through they can be pricked out into small pots and potted on, reaching a serious size in their third year. Patience is needed for success but otherwise they are not complicated and I recommend a spare punt on the stock now available.

The expert books will tell you what hellebores of this category prefer. But do not

be deterred by instructions which seem demanding. Hellebores like to be shaded from the main heat of the sun between midday and late afternoon. They do not like to dry out. They love to be dressed with leaf-mould or old mushroom compost. As the buds appear, cut off the old leaves from the previous season.

As edging plants in front of shaded borders or in patches in a narrow bed under a wall in London, they are marvellous performers. Fashions come and go but I have no reservations about the scope for early flowers in this family, developed in part from the old Lenten Rose, which is a very tough branch-line in the family.

I have lined two shaded borders with these plants and can vouch for three particular facts. Underneath, the soil soon becomes stony, even rocky. These hellebores are growing famously, even though I can hardly drive a spade into the ground. No doubt, they would be even better in conditions recommended by experts but here they are very good. Perhaps

the reason is that I feed them with liquid manure on their leaves throughout the summer and autumn, applying it once a fortnight, as well as a dressing of leaf-mould in November.

The ultimate reason, however, is that I protect them throughout the winter from slugs. People who have tattered flowers on plants or few flowers at all, are being victimised by their old, slimy enemies. The books tend to pass over the matter but slugs and snails have a passion for young hellebores shoots and buds, especially if rotted leaves have built up around them. When you raise or buy Ashwood hybrids, be sure to put down slug bait from December onwards.

After flowering, the leaves develop into dark green clumps, with black spotting which can be controlled by spraying with a diluted fungicide. Everybody likes to grumble that particular experts' favourite families of plants look a mess out of season or are more troublesome than they admit. I actually like the leaves of these hellebores as they

develop after flowering and the black spotting is less prominent if the plants are regularly fed. I cannot imagine any gardener who would be disappointed by clumps of these long-lived beauties in the front row of a lightly shaded bed, in which a few individual plants of the easy Hellebore *Fortius* Italian form from Ashwood had been planted in the middle-to-back row.

This easy, green-flowered variety is extremely strong and has the prettiest, finely cut leaves. It seeds itself easily and, together, these two classes in the family will give you a month of flower in February.

On the Move
Farmers face up to revaluation

A currency shift may hit profits, says Gerald Cadogan

British farmers and farm buyers may not make as much money this year as they did in 1996, after the recent 5.4 per cent revaluation of the "green pound" (used for European Union support payments) to 76.89p per £ as against the 83.4p in effect from July 1996. This partly reverses the boost to farming profits that followed the September 1992 devaluation of the pound.

The Ministry of Agriculture, Fisheries and Food can, however, request a green rate freeze at the 1996 levels for two years or more, says Jim Ward, head of agricultural research at Savills, "and almost certainly will".

Farmers should still do well, and find it worthwhile to pay fancy prices for small parcels of land where they can work more fields with the same number of men and machines. The average price for reasonable quality arable land at the end of 1996 was £2,521 an acre, Ward estimates. But the best silt-land in Norfolk could reach £4,500 an acre for a 500-acre lot, and for a small parcel could be much more.

■ Newt lovers, here is your chance. In the garden of the Georgian Old Rectory at Slimbridge, Gloucestershire, is a medieval moat, dug to protect the previous rectory, and now home to a colony of great crested newts (a protected species). Nearby is the famous Wildfowl and Wetlands Trust on the banks of the river Severn. I trust the birds do not eat the newts.

In 1642, during the civil war, there was a small battle here between the

parliamentary troops from Berkeley Castle and a royalist garrison holding the then rectory and churchyard. Musket balls have been found in the garden.

The house is a typical, and attractive, early 19th century box. It still has the stables and wine cellar that the rector needed, as well as an extra reception room (the study).

A bonus for the buyer is an exemption from stamp duty, under the Ecclesiastical Residences Act 1776, as it is passing from church to private domain. The diocese of Gloucester is the vendor. The concession does not apply to subsequent sales.

For Slimbridge history, natural and human, and the chance to live by a 12th century church with a grand spire, the guide price is £325,000, through Jackson-Stops (01285-653354).

■ In the same county, Beaufort Homes' Imperial Square, Cheltenham, is selling well off-plan. Part of

the Berkeley Group, Beaufort is completing the Regency square with a terrace in the correct style (similar to one it built in 1995 in the adjacent Montpellier Gardens).

It will also return to the square an Italian marble fountain that Napoleon took in the capture of Genoa. During the fight, the swan's neck was shot off by a musket ball - and later replaced by a Napoleonic imperial eagle. (The fountain has been in a Cheltenham museum.)

The development is called Imperial Apartments and prices range from £165,000 to £350,000 for the largest penthouse, through Knight Frank (01285-790077).

■ Still in Gloucestershire, South Manor Cottage in Little Rissington is a typical Cotswold dwelling, with a pointed roof of Stonesfield (ie Cotswold stone) slates with several gables. Late 17th century and listed grade II, it is the biggest part of the manor house in the village between Burford and Stow-on-the-Wold.



Typical Cotswolds: South Manor Cottage in Little Rissington

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Fishing

Salmon farms louse it up

Tom Fort describes a simple tale of destruction in Ireland

There are many places which we wanderers fisherman cherish, but among them are a few which are special. It may be because of some great slaughter we did, although triumph in fish-catching is far from essential.

More likely, it was some subtle coming together of elements which achieved a complex harmony, impossible to achieve by design, half-understood, unforgettable.

Loss, of course, can enhance the power of the memory. Should the place become inaccessible to us, or any of the constituent elements be obliterated, the yearning for that which can be no more nourishes the magic. Sadness intensifies the savour.

So it is with me, and a multitude of others, with the west of Ireland: Connemara, that clenched fist of wild land pushed out into the wild Atlantic.

It is a decade or more since I was there, yet a moment of reflection brings it back as if it were yesterday.

What were the elements? There was the landscape, the empty, barren bogland, the whitewashed cottages, peat smoke rising from chimneys, the narrow, hedged roads winding across great spaces, the misty blue of the mountains, the Twelve Pins.

There was the water, the wonderful abundance of little rivers, and loughs great and small. There was the air, soft and clean, blown from the sea. There was the warmth in the welcome of the people, and in the friendship among us. And there was the fish, the compelling

reason for being there. The fish was the sea trout, or the white trout, as the Irish call it. It is nothing more than a brown trout which, obeying an instinct in its genes, migrates from the acidic, nutritionally impoverished loughs down to the sea. In salt water it grazes along the shore, growing fat and silver, before it follows the call of its home water and heads up river.

Connemara might have been made for the sea trout. All the way round are strings of river and lough, reaching up into the spongy

interior. Come July, and the sea trout would be running. And to those famous fisheries of the west the sea trout fishers would hurry. The music of those names is with me still: Screebe, Ballynahinch, Kylemore, Fermoy, Gowla, Delphi and the rest.

Always there were the tales of the great days, of two dozen and more good trout in a day. As is the way, the great days belonged mostly to the distant past, and exclusively to others. Our own successes were few, and modest in the extreme.

I remember some nice fish from Ballynahinch, in the shadow of the gloomy man-

sion where the prince of cricketers, Ranjitsingh, dreamed of salmon, a mighty trout bursting through a wave on storm-tossed Asleam, only to miss my fly by a foot; and a day on lovely Tawnyard, high above the Erriff, where the boat leaked and the talk was of the Irish judge, Kingsmill Moore, whose book, *A Man May Fish*, celebrates this land and its fishing.

It is as well the judge is dead. He would not care to fish Tawnyard today, nor Delphi, nor Fermoy, nor Glanmurrin, nor his beloved Shanawona. For the trout, the gallant, silver sea trout, have gone; and no one knows if they will ever return.

The tale is simply told. Towards the end of the 1980s the runs of sea trout suddenly and dramatically diminished. This coincided with the development of salmon farms, situated in the bays into which the sea trout rivers debouched.

It is virtually certain that the destruction of the sea trout resulted from the use of chemicals to rid salmon of sea lice. Crudely put, the chemicals cause the lice, in their millions, to abandon the salmon. They then fasten on the shoals of sea trout and eat them alive.

Such are the thoroughly nasty ways of Nature when Man upsets a fine balance. True, the salmon farms have brought some jobs to remote areas where they are sorely needed. The other side of the coin is that the sea trout fisheries, with their lodges, their ghillies - small, vital units of employment - have seen their business rot with their fish.

Not that they have been

inactive. A clamorous campaign of protest has been waged. Compelling scientific evidence of the chain of circumstance has been gathered. There have been forums, seminars, public meetings - and nothing has changed. The farms have continued administering the chemicals. The Irish government has sat quietly by.

Now the sea trout fisheries have banded together to push the issue to a resolution. They are suing the minister for the marine, alleging failure to regulate the industry and failure to protect a wild resource, namely the sea trout; and a clutch of farms for the loss of their business.

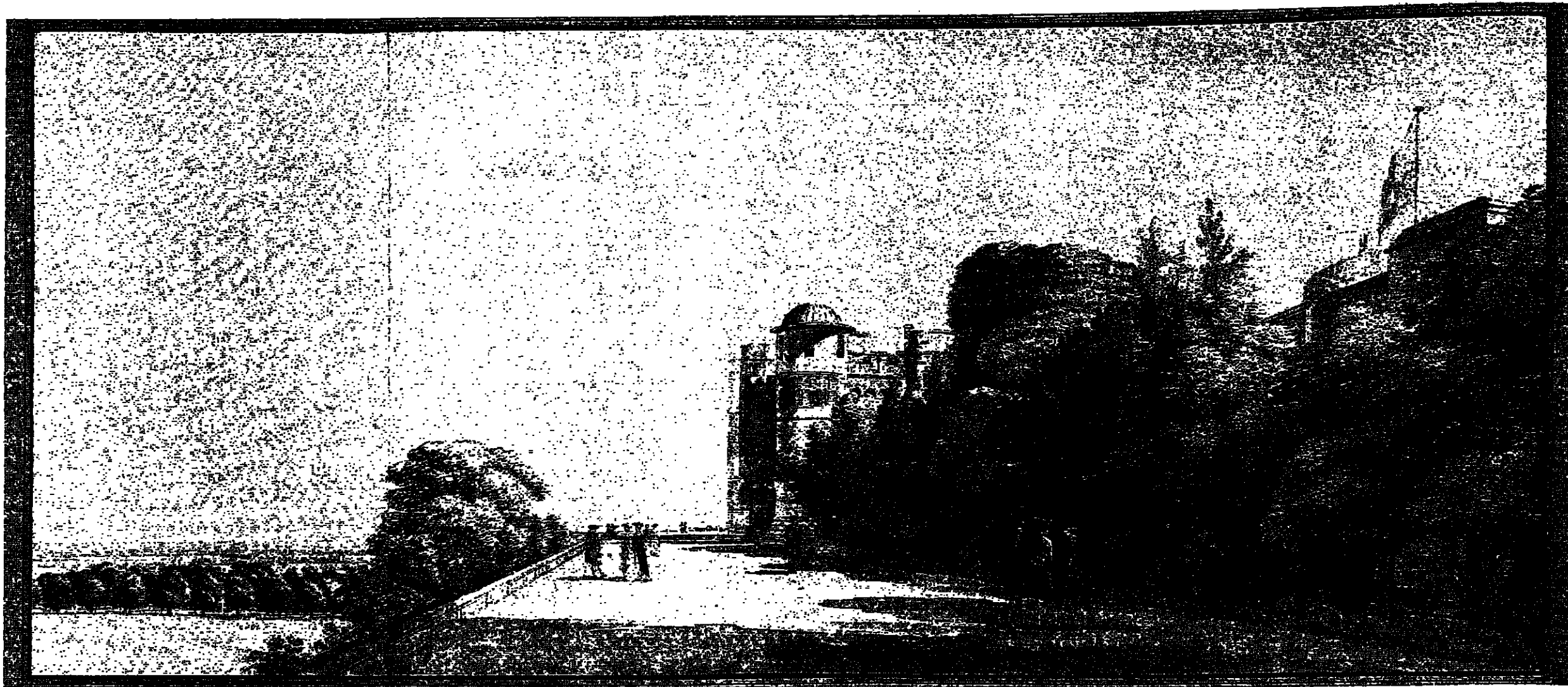
In a separate action, a single company operating in Killary Harbour - into which the famous fishery at Delphi empties - is being sued for allegedly grossly exceeding its licensed output.

This second action comes to the High Court in Dublin this month. The ruling will influence the progress of the main action, due in the summer or autumn. The fishery owners acknowledge that, should they win, the salmon farms will be in a well-nigh impossible situation. They must close for sea lice, or go bust. The lice must find other food, or perish.

If there is a long-term future, it must lie in moving the farms away from the sea trout feeding grounds; away, that is, from the bays where they are protected from the Atlantic storms. But even if the technology existed to farm salmon out at sea, the cash to fund it does not.

So, either way, it is a sad story: a parable for our times.

COLLECTING



A view of Windsor, by Paul Sandby: the picture will be on the Spink stand at The World of Watercolours this weekend

Stop-go-stop going slowly but surely

The antique dealers market is picking up, but for some it may be too late, says Antony Thorncroft

Green shoots is not a nasty disease that attacks old furniture but what the antiques trade claims to be spotting across the land. For antique dealers the recession went on and on. Every time trade seemed to pick up demand suddenly melted away. But, at last, this stop-go-stop, which has depressed the business for seven years, seems to be coming to an end.

Phillips and Bonhams, the auction houses which specialise in the middle and lower price range, both reported 16 per cent increases in turnover last year, and although few dealers, who have grown accustomed to playing second violin to the auction houses in the quantity of antiques sold, will have matched this growth, the general atmosphere is more buoyant. Any object of good quality, sound provenance, preferably useful, and, ideally, decorative is fetching more now than a year ago.

However, the revival might be too late for some dealers, and not just those at the bottom end of the market. The top dealers, trading in expensive paintings, are

experiencing a big shake-up. A combination of European Union regulations, and changes in the property market, on top of slack demand, is threatening Bond Street's eminence as the epicentre of the London art world.

The Brussels challenge concerns tax. London's traditional dominance – it accounts for 70 per cent of the European art trade – owes everything to its freedom from restrictions, mainly financial. EU harmonisation policy has brought in VAT on art sales. Initially the UK government managed to limit the VAT to 2.5 per cent and the trade hoped that would be that.

But by 1999 the rate is set to rise to 5 per cent and many dealers fear steadily steeper levels. The government seems to have lost the argument with Brussels that higher taxes drives the art market away from Europe as a whole and towards the US. In addition the EU is also keen to harmonise *droit de suite*, a royalty for artists' heirs, which would introduce to the UK an extra charge of between 2 per

cent and 4 per cent on most 20th century pictures. This could also arrive by 1999.

It is not so much the added costs but the paperwork that the taxes bring with them, with a raft of exceptions and a flood of bureaucracy. It is these administrative headaches which has led the UK's leading oriental art dealer, Giuseppe Eskenazi, to consider switching operations to New York: he is holding his first exhibition there next month, alongside the Asian Art Fair, to test the water.

But it is the leading picture dealers who are under most pressure to leave. As with Eskenazi, few of their clients are British: London was regarded as the ideal entrepot for their business. So Pace Wildenstein, one of the biggest dealers in the world, is planning to quit London for New York, while Dutch and Flemish specialist Johnny van Haeften is threatening to retire early, because of all the extra paper work.

It is not just Brussels that is causing change. The world's top

retailers are desperate for outlets in Bond Street, and selling out to a clothes shop is very tempting for a picture gallery with a Bond Street frontage which pulls in just a handful of new clients a year.

Colnaghi has already decided to switch its operations to the

Fairs have become vitally important to most dealers during the recession

back of the gallery, selling off the window to fashion. Agnew's is planning a similar revamping of its precious premises. Other dealers, such as Leger, have preferred to merge, being bought by Spinks, which, in its turn, is owned by Christie's. There are rumours that Sotheby's is seeking to acquire a major dealer.

This flurry at the top has passed by most dealers. Their hopes are concentrated on making a profit in 1997, and their optimism is rising on the back of the reviving housing market and all those building society hand outs.

The first important event of the year, last month's Art 97, London's market place for contemporary art, was a great success, attracting 40,000 visitors, a dramatic rise over the 30,000 in 1996, with art worth well over £2m finding new homes. This fair is cashing in on and expanding the popularity of contemporary art, art as fashion statement.

This weekend a very different type of art lover will be coming to town. The World of Watercolours (and Drawings) summons from the shires the mainly middle-aged, and the predominantly middle class, who maintain the traditional British love of watercolours.

The 10,000 or so addicts must remember to go to a new venue: for the first time in its 12-year history the fair finds itself in the

grand surroundings of The Dorchester. But all the familiar dealers – Spink and Leger, Martin Gregory, Rupert Maas, Julian Hartnoll, Bill Drummond and over 40 more – will be offering everything, from the 18th century to the modern day, but with an emphasis on the decorative and the traditional.

Fairs have become vitally important to most dealers during the recession. Many have closed their shops and now operate from home and fairs, where they meet new clients, examine (and buy) their rivals' stock, and catch up with trends. We are moving into the fair season and from February 25 to March 2 the first of the three annual Olympia gatherings arrives, including contemporary art to appeal to younger collectors, while among the specialist occasions, the Original Print Fair will be at the Royal Academy again, from February 27 to March 2.

Perhaps the most innovative art event in London this month takes place in the City. The National Westminster Bank has

no commercial use for the grandiose former banking hall of its Lothbury HQ and is turning it into an art gallery.

The Lothbury Gallery covers 7,000 sq ft and will become an important new art venue. The first show is works of art from the NatWest collection, which comprises more than 1,500 mainly contemporary works, but the curator, Rosemary Harris, who comes from the Tate, is scheduling a programme by both leading British and foreign artists. Admission is free.

It is surprising that the antique market has been so slow to improve. There has been a considerable increase in disposable incomes. Perhaps it is because the new collectors are more interested in contemporary antiques – toys, pop and film memorabilia, sports paraphernalia – and in buying the one or two antiques to furnish their homes.

It is all a question of confidence. Everyone is aware that most antiques, particularly paintings, like houses, suffered a slump in value in the early 1990s. Buyers are now selective. But in 1997 their passion for the best will overcome their caution.

Yale leaps into the modern era

A Damien Hirst installation is set to shake up Connecticut, finds Michael Carlsen

Patrick McCaughey has been director of the Yale Center for British Art in New Haven, Connecticut, for almost a year, yet he still finds it hard to contain his enthusiasm as he guides an interviewer around the galleries.

He enters the Turner room, praising the building designed for Paul Mellon by Louis Kahn. "I love the double cube of these rooms, classic Palladian influence. The way other rooms are framed across the way. And it's all natural light."

McCaughy, London-born, Australian-bred, runs what he describes as "outside the Tate, the world's foremost collection of British art". This month, marking the

collection's 20th anniversary, he takes that collection in new directions, unveiling his first important acquisition, Damien Hirst's "In & Out of Love".

The piece is a multi-part installation from 1991 and consists of eight paintings adorned with butterflies, four boxes, a table and four built-in ashtrays.

One senses that McCaughey might welcome controversy. He previously ran Wadsworth Atheneum in Hartford, Connecticut, where he staged the famous Mapplethorpe show which was subsequently banned in Cincinnati.

"Our province has traditionally been from the birth of Hogarth to the death of Turner, but I'm determined

to show that British art doesn't come to a deadening halt in the 19th century," McCaughey says.

"The British 20th century is very neglected – currently it's far livelier than the American."

The Yale Center was founded 20 years ago when Paul Mellon, from the Yale class of 1929, donated his collection and established an endowment to house and expand it.

The collection reflects Mellon's skill as a collector, and his own interests, particularly in the gallery's sporting art. "We have the finest collection of Stubbs in the world, which Paul Mellon began collecting as a graduate student at Clare College, Cambridge, when Stubbs

was deeply unfashionable," McCaughey explains.

"Mellon's collecting has always followed his own interests. Clare was boring him, so he took his horses to Britain, and thus discovered Stubbs. In the 1940s he became interested in Jung, and at the same time began collecting Blake, the great chronicler of our interior myths. Our Blake collection is immense."

Other specialities include the Camden Town group. But McCaughey is keen to take the Yale forward. "You can imagine my trepidation at suggesting to a lover of sporting art that we buy a major piece by an artist who's notorious for cutting up dead animals," he says. "But I said, it's time we

drive a stake into the ground, and Paul Mellon looked at the slide and said it reminded him of Ben Nicholson, and he liked it. In the end, we bought eight works by Alfred Munnings, who's known as the Sargent of Horses, and the Hirst."

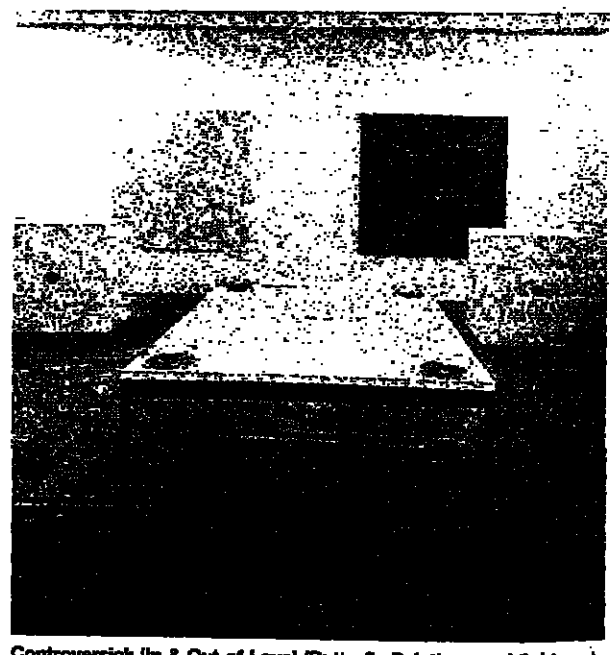
McCaughy does, however, face one considerable problem. After this anniversary year the Yale will close for 1998 to repair a leaky roof. In the meantime, preparation for a William Blake show in April and plans for a travelling exhibition are keeping McCaughey busy.

At first glance, New Haven may seem an odd place for a leading collection of British art. In the 17th century the colonial city sheltered England's regicide judges.

Later, it became a thriving cultural centre, with Broadway previews and first-run theatre. Now it is a decaying rust-belt city, with the opulence of Yale University at its centre.

"Yale is determined to become more involved with reviving the city," McCaughey says, "and the museums are the front of house."

He points out of his office window to the University Art Gallery, where there is an Eakins show. "This is a city of 130,000. We are showing the British treasures from the Hermitage Museum, directly across Chapel Street is Eakins, and both are free. How many major cities in the world could say the same?"



Controversial: 'In & Out of Love' (Butterfly Paintings and Ashtrays)

RICHARD GREEN

Model and critic. Signed. Watercolour: 15 x 21 1/4 in / 38.1 x 55.3 cm

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● Koninklijk Concertgebouworkest, with conductor Riccardo Chailly and cellist Godfried Hoogeveen perform works by Bartók and Bruckner; 8.15pm; Feb 6, 7

EXHIBITION
Rijksmuseum Tel: 31-20-6732121
● Reflections on the Everyday - Dutch Genre Prints from the 16th and 17th century; in the late 15th century, woodcut artists and engravers began portraying scenes of everyday life in prints. Amorous couples, farmers on their way to market, groups of musicians; scenes such as these were especially popular in the 17th century. This exhibition provides a survey of the genre prints with works by van Leyden, Rembrandt and van Ostade accompanied by lesser known prints by their contemporaries; from Feb 8 to May 4

ATHENS

CONCERT
Athens Concert Hall Tel: 30-1-7282333
● Orchestra del Maggio Musicale Fiorentino: with conductor Zubin Mehta perform works by Schubert and Stravinsky. Part of the Schubert-cycle; 8.30pm; Feb 4, 5

BADEN-BADEN

EXHIBITION
Städtische Kunsthalle Tel: 49-7221-25250
● Cindy Sherman: retrospective exhibition of work by the American photographer, including four of her best known series: "Film Stills" (1977-80), "Disguised Pictures" (1986-89), "Sex Pictures" (1992) and "Horror Pictures" (1995); to Mar 23

BERLIN

CONCERT
Konzerthaus Berlin Tel: 49-30-20354438
● Euridice: by Peri. Conducted by René Jacobs, performed by the Staatskapelle Berlin. Soloists include Victor Torres, Monica Bacelli and Bernarda Fink; 7pm; Feb 4, 5

EXHIBITION
Alte Nationalgalerie Tel: 49-30-209050
● Adolph Menzel (1815-1905): Between Romanticism and Impressionism: this retrospective exhibition comprises about 130 paintings, drawings, pastels and watercolours by Adolph Menzel, one of the leading German artists in the second half of the 19th century. In addition to many of Menzel's acknowledged masterpieces the exhibition includes sketches and drawings depicting bourgeois life in Berlin, Menzel's family circle and landscapes in and around the Prussian capital; from Feb 7 to May 11
● Berlinische Galerie - Martin-Gropius-Bau Tel: 49-30-254880
● Edward Kienholz: A Retrospective: exhibition tracing the works of Edward and Nancy Reddin Kienholz over the past 40 years. The couple's work embraced aspects of Pop Art and Surrealism, influences apparent in their installation work shown here; from Feb 7 to Mar 31

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401
● Susannah: by Floyd. Conducted by Marie-Jeanne Dufour, performed by the Deutsche Oper Berlin. Soloists include Karan Armstrong and Dean Peterson; 8pm; Feb 8

BRUSSELS

CONCERT
Palais des Beaux-Arts Tel: 32-2-5078200 (Concerts)
● Pieter Wispelwey: the cellist performs works by Bach; 8pm; Feb 5, 7

OPERA
Théâtre Royal de la Monnaie Tel: 32-2-2291200
● Tristan und Isolde: by Wagner. Conducted by Antonio Pappano, performed by La Monnaie. Soloists include Ronald Hamilton, Anne Evans and Tom Fox; 8.30pm; Feb 4, 8

COLOGNE

OPERA
Opernhaus Tel: 49-221-2218240
● The Nightingale: by Stravinsky. Conducted by Johannes Stert, performed by the Oper Köln. Soloists include Natalie Karl, Mariola Mainka, Machiko Obata and Darrel Toulon; 8pm; Feb 4, 8

DUBLIN

CONCERT
National Concert Hall Tel: 353-1-8711888
● National Symphony Orchestra of Ireland: with conductor Takuo Yuasa and organ-player Fergal Caulfield perform works by Schubert, Dupré and Dvorák; 8pm; Feb 7

EXHIBITION



Conductor Daniele Gatti is performing in Rome

National Gallery of Ireland Tel: 353-1-6615133

● Frederick William Burton: this exhibition drawn from the Gallery's permanent collection places Burton's most popular work, "The Meeting on the Turret Stairs", in the context of his other works. The Victorian Irish artist was heavily influenced by the German Romantic movement; from Feb 7 to Apr 6

EDINBURGH

CONCERT
Usher Hall Tel: 44-131-2281155
● Royal Scottish National Orchestra: with conductor Anne Manson and the Yggdrasil Quartet of Aberdeen perform works by Stravinsky, Cresswell (world premiere) and Dvorák; 7.30pm; Feb 7

EXHIBITION
Scottish National Gallery of Modern Art Tel: 44-131-5568921
● Alan Davis: Works on Paper: exhibition of around 120 drawings by the Scottish post-war painter Alan Davis. Only 10 of the works, which date back to the 1940s, have been displayed in public before. The drawings include works used as starting points for some of the artist's best-known paintings. Davis established his international reputation in the 1950s with an abstract style notable for its bold use of colour and complex subject matter; from Feb 8 to Apr 20

FORT WORTH

EXHIBITION
Kimball Art Museum Tel: 1-817-332-8451
● Georges de la Tour and His World: this exhibition brings together 32 paintings by the 17th century French painter Georges de la Tour and 10 works by leading contemporaries, including Caravaggio, Jacques Bellange, Simon Vouet and Hendrick ter Brugghen. The works, selected from public and private collections in Europe, the US and Japan, serve to illustrate the place and meaning of La Tour's art in the context of early 17th century culture. La Tour is best remembered for his realistic portrayal of scenes from everyday life and for the dramatic themes of his religious works; from Feb 2 to May 11

GENEVA

CONCERT
Victoria Hall Tel: 41-22-3283573
● Ensemble Contrechamps: with conductor Armin Jordan and pianist Martha Argerich perform works by Weber, Schönberg and Prokofiev; 8.30pm; Feb 5 (7pm), 6, 7

POP-MUSIC
Geneva Arena Tel: 41-22-3112511/1213
● Sting: performance by the English rock singer; 8.30pm; Feb 6

HANOVER

EXHIBITION
Sprangell Museum Tel: 49-511-1683875
● Marc Chagall: "Himmel und Erde": exhibition of the artist's work selected from the museum's own collection, featuring 160 etchings, as well as paintings and lithographs; to Feb 16

HOUSTON

EXHIBITION
The Menil Collection Tel: 1-713-525-9400
● Mark Rothko: The Chapel Commission: exhibition marking the 25th anniversary of the commissioning of the Rothko Chapel, a unique assignment that allowed the abstract artist to explore potential interactivity between painting, architecture and natural light; to Mar 30

OPERA
Wortham Theatre Tel: 1-713-237-1439
● Salome: by R. Strauss. Conducted by Christoph Eschenbach, performed by the Houston Grand Opera. Soloists include Hildegard Behrens, Neil Rosenheim, Katherine Ciesinski and Richard Paul Fink; 7.30pm;

LIVERPOOL

EXHIBITION
Tate Gallery Liverpool Tel: 44-151-7083223
● Paula Rego: a retrospective of the work of the British painter Paula Rego, including more than 80 paintings and, on public view for the first time, early sketches and preparatory drawings. The exhibition, prepared in collaboration with the artist, best known for her large narrative paintings, shows the range of Rego's work from 1959 to 1995; from Feb 8 to Apr 13

LONDON

CONCERT
Wigmore Hall Tel: 44-171-9352141
● Emma Kirby and Anthony Rooley: the soprano and the lute perform works by Dowland and Holborne; 8pm; Feb 5

EXHIBITION
Courtauld Institute Galleries Tel: 44-171-8732528
● The Art of Etching: an exploration of the art of etching through works from the Courtauld Gallery's permanent collection, including pieces by Tiepolo, Piranesi and Canaletto; from Feb 5 to May 25

OPERA
Royal Opera House - Covent Garden Tel: 44-171-2129234
● Lohengrin: by Wagner. Conducted by Valery Gergiev, performed by the Royal Opera. Soloists include Karita Mattila, Gwyneth Jones and Sergei Leiferkus; 8pm; Feb 8

LOS ANGELES

EXHIBITION
Huntington Library, Art Collection and Botanical Gardens Tel: 1-818-405-2100
● Masterpieces in Little: Portrait Miniatures from the Collection of Her Majesty Queen Elizabeth II: this travelling exhibition from the British Royal Collection features 75 miniature portraits, many of which have never been on public display. Spanning four centuries, the collection is particularly rich in examples by artists recognised as masters of the medium: Hans Holbein the Younger, Nicholas Hilliard, Isaac Oliver and Jeremiah Meyer. Shaped by the individual preferences of members of the royal family, the collection is especially valuable from both a cultural and historical standpoint; documenting marriages, court favourites and notable events. Included are likenesses of Henry VIII, Elizabeth I, Mary Queen of Scots, George III and Victoria the Princess Royal (later Queen Victoria); from Feb 2 to Apr 13

EXHIBITION
Museum of Modern Art Tel: 1-212-980-8688
● The Architecture of Alvaro Siza: the first large-scale retrospective in the US of the architect's work, including 120 drawings, 20 models, 50 photographs and several large-scale videos; from Feb 5 to May 5
● Solomon R. Guggenheim Museum Tel: 1-212-423-3600
● A Century of Sculpture: The Nasher Collection: masterpieces of 19th and 20th century sculpture drawn from the collection formed by Patsy and Raymond Nasher are on view in this exhibition, providing a survey of the last 125 years of the medium. The collection ranges from the pioneering work of Paul Gauguin, Auguste Rodin and Medardo Rosso in the late 19th century to contemporary works by Magdalena Abakanowicz, Tony Cragg and Claes Oldenburg; from Feb 7 to May 28

LYON

EXHIBITION
Musée des Beaux-Arts Tel: 33-472 10 17 40
● Kees van Dongen, l'oeuvre sur papier (1895-1914): this exhibition, the first devoted specifically to Van Dongen's works on paper, features 90 drawings, gouaches and watercolours, as well as over a dozen of Van Dongen's paintings and 25 works by friends and contemporaries of the artist, including Steinlen, Signac, Picasso, Derain, Toulouse-Lautrec, Marquet, Matisse and others; to Apr 6

OPERA
Opéra de Lyon Tel: 33-72 00 45 00

● Werther: by Massenet. Conducted by Kent Nagano, performed by the Orchestre de l'Opéra de Lyon and the Maîtrise de l'Opéra de Lyon. Soloists include Lorraine Hunt, Gérard Théruel and Marc Duguy; 8.30pm; Feb 2 (5pm), 4, 6

MADRID

CONCERT
Auditorio Nacional de Música Tel: 34-1-3370100
● Orquesta Nacional de España: with conductor Günther Herbig and violinist Jesús Angel León perform works by Beethoven, Mozart and Schumann; 7.30pm; Feb 7, 8

EXHIBITION
Fundación la Caixa Tel: 34-1-4354833
● Amelia Peláez, Frida Kahlo, Tarsila do Amaral: exhibition showing the history of Modernism and the roots of contemporary art in South America through the work of three female artists: Amelia Peláez, Frida Kahlo and Tarsila do Amaral. On display are about 100 works, establishing similarities and differences between these artists, the contact they had with European movements, the influence of Paris and the US in their work, and their attempts to discover the roots of their countries; from Feb 7 to Apr 27

MANCHESTER

CONCERT
The Bridgewater Hall Tel: 44-161-9500000
● Cecilia Bartoli: the mezzo-soprano performs works by Vivaldi, Pergolesi, Rossini, Donizetti and Bellini; 7.30pm; Feb 4

MILAN

CONCERT
Teatro alla Scala di Milano Tel: 39-2-88791
● Barbara Hendricks: the soprano performs works by Schubert, Fauré and Bizet; 8pm; Feb 3

MUNICH

EXHIBITION
Haus der Kunst Tel: 49-89-211270
● Afrikanische Masken aus der Sammlung Barber-Müller: display of over 100 African masks selected from the collection of Josef Müller and Jean Paul Barber; from Feb 7 to Apr 27

● Tatz in der Moderne - Von Matisse bis Schlemmer: exhibition focusing on dance as a source of inspiration in the visual arts at the beginning of the 20th century. Featured are some 150 works by 37 artists, including Matisse, Kandinsky, Severini, Sonia Delaunay, Archipenko and Van Doesburg; from Feb 7 to Apr 27
● Rainer Maria Rilke und die bildende Kunst: exhibition focusing on the German poet Rainer Maria Rilke (1875-1927) and his relation with the visual arts. 19th and 20th century paintings, sculptures, drawings and theatre were a main source of inspiration for Rilke, who also wrote several essays on art and artists. The exhibition includes works by such artists as Arnold Böcklin, Paul Cézanne, Edgar Degas, Pablo Picasso, Vincent van Gogh, Paula Modersohn-Becker, Paul Klee and Auguste Rodin; from Feb 6 to Apr 6

OPERA
Cuvillies-Theater - Altes Residenztheater Tel: 49-89-296836
● Il Barbiere di Siviglia: by Rossini. Conducted by Ralf Welker and performed by the Bayerische Staatsoper. Soloists include Edita Gruberova, Maria Knobel and Ennio Serre; 7pm; Feb 5, 7

NEW YORK

EXHIBITION
Brooklyn Museum Tel: 1-718-638-5000
● Recent Acquisitions: The James Brooks Gift: showcase for the Museum's recent acquisition of James Brooks' preparatory drawings and studies for his large-scale mural "Flight"; from Feb 7 to May 4
● Cooper-Hewitt National Design Museum Tel: 1-212-860-8688
● Mixing Messages: Graphic Design in Contemporary Culture: exhibition focusing on innovation in American graphic design from 1980 to 1995. Highlights include a video documenting typography and the moving image, an interactive computer programme allowing visitors to experiment with type, and a CD-ROM display allowing visitors to experience publications in sequence; to Feb 16

OPERA
Wiener Staatsoper Tel: 43-1-514442960
● L'Elisir d'Amore: by Donizetti. Conducted by Vitti and performed by the Wiener Staatsoper. Soloists include Norbert Schütz, Elfray, Groves and Gallo; 7.30pm; Feb 8

WASHINGTON

EXHIBITION
Corcoran Gallery of Art Tel: 1-202-638-3211
● Lari Pittman: this mid-career survey of Southern California artist Lari Pittman highlights 35 of Pittman's works, including new paintings created specially for this presentation. Pittman's work explores issues of individual and social identity, often from a gay perspective; from Feb 6 to Apr 7

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CHESS

If you want to learn chess strategy, the ideal model is José Capablanca, world champion for six years and the game's most naturally talented player. Capablanca's *Best Games* by Harry Golombek (Batsford, £16.99), newly edited by John Nunn, gives 100 fine games by the Cuban whose play entranced later champions like Botvinnik, Karpov and Short.

Capa could instantly see clear themes in complex positions which, allied to his sense of danger and his endgame skill, created his legend as the "chess machine". This game shows how Capa treated a recurrent theme in club chess, where queen and bishops line up for an attack on the king. The key is how White delays opening up the centre until his support pieces are in optimum positions; once they are ready, 22 d5! is decisive. The loser cuts a sorry picture, but Scott became British champion next year (*Capablanca v Scott*, Hastings 1919).

1 d4 d5 2 c4 c3 3 Nf3 Nf6 4 e3 e6 5 Nd2 Nd7 6 Bd3 Bb7 7 Be7 8 Qd2 9 Qd3 10 Qd4 11 Qd5 12 Qd6 13 Qd7 14 Qd8 15 Qd9 16 Qe1 17 Qe2 18 Qe3 19 Qe4 20 Qe5 21 Qe6 22 Qe7 23 Qe8 24 Qe9 25 Qf1 26 Qf2 27 Qf3 28 Qf4 29 Qf5 30 Qf6 31 Qf7 32 Qf8 33 Qf9 34 Qg1 35 Qg2 36 Qg3 37 Qg4 38 Qg5 39 Qg6 40 Qg7 41 Qg8 42 Qg9 43 Qh1 44 Qh2 45 Qh3 46 Qh4 47 Qh5 48 Qh6 49 Qh7 50 Qh8 51 Qh9 52 Qi1 53 Qi2 54 Qi3 55 Qi4 56 Qi5 57 Qi6 58 Qi7 59 Qi8 60 Qi9 61 Qj1 62 Qj2 63 Qj3 64 Qj4 65 Qj5 66 Qj6 67 Qj7 68 Qj8 69 Qj9 70 Qk1 71 Qk2 72 Qk3 73 Qk4 74 Qk5 75 Qk6 76 Qk7 77 Qk8 78 Qk9 79 Ql1 80 Ql2 81 Ql3 82 Ql4 83 Ql5 84 Ql6 85 Ql7 86 Ql8 87 Ql9 88 Qm1 89 Qm2 90 Qm3 91 Qm4 92 Qm5 93 Qm6 94 Qm7 95 Qm8 96 Qm9 97 Qn1 98 Qn2 99 Qn3 100 Qn4 101 Qn5 102 Qn6 103 Qn7 104 Qn8 105 Qn9 106 Qo1 107 Qo2 108 Qo3 109 Qo4 110 Qo5 111 Qo6 112 Qo7 113 Qo8 114 Qo9 115 Qp1 116 Qp2 117 Qp3 118 Qp4 119 Qp5 120 Qp6 121 Qp7 122 Qp8 123 Qp9 124 Qq1 125 Qq2 126 Qq3 127 Qq4 128 Qq5 129 Qq6 130 Qq7 131 Qq8 132 Qq9 133 Qr1 134 Qr2 135 Qr3 136 Qr4 137 Qr5 138 Qr6 139 Qr7 140 Qr8 141 Qr9 142 Qs1 143 Qs2 144 Qs3 145 Qs4 146 Qs5 147 Qs6 148 Qs7 149 Qs8 150 Qs9 151 Qt1 152 Qt2 153 Qt3 154 Qt4 155 Qt5 156 Qt6 157 Qt7 158 Qt8 159 Qt9 160 Qu1 161 Qu2 162 Qu3 163 Qu4 164 Qu5 165 Qu6 166 Qu7 167 Qu8 168 Qu9 169 Qv1 170 Qv2 171 Qv3 172 Qv4 173 Qv5 174 Qv6 175 Qv7 176 Qv8 177 Qv9 178 Qw1 179 Qw2 180 Qw3 181 Qw4 182 Qw5 183 Qw6 184 Qw7 185 Qw8 186 Qw9 187 Qx1 188 Qx2 189 Qx3 190 Qx4 191 Qx5 192 Qx6 193 Qx7 194 Qx8 195 Qx9 196 Qy1 197 Qy2 198 Qy3 199 Qy4 200 Qy5 201 Qy6 202 Qy7 203 Qy8 204 Qy9 205 Qz1 206 Qz2 207 Qz3 208 Qz4 209 Qz5 210 Qz6 211 Qz7 212 Qz8 213 Qz9 214 Ra1 215 Ra2 216 Ra3 217 Ra4 218 Ra5 219 Ra6 220 Ra7 221 Ra8 222 Ra9 223 Rb1 224 Rb2 225 Rb3 226 Rb4 227 Rb5 228 Rb6 229 Rb7 230 Rb8 231 Rb9 232 Rc1 233 Rc2 234 Rc3 235 Rc4 236 Rc5 237 Rc6 238 Rc7 239 Rc8 240 Rc9 241 Rd1 242 Rd2 243 Rd3 244 Rd4 245 Rd5 246 Rd6 247 Rd7 248 Rd8 249 Rd9 250 Re1 251 Re2 252 Re3 253 Re4 254 Re5 255 Re6 256 Re7 257 Re8 258 Re9 259 Rf1 260 Rf2 261 Rf3 262 Rf4 263 Rf5 264 Rf6 265 Rf7 266 Rf8 267 Rf9 268 Rg1 269 Rg2 270 Rg3 271 Rg4 272 Rg5 273 Rg6 274 Rg7 275 Rg8 276 Rg9 277 Rh1 278 Rh2 279 Rh3 280 Rh4 281 Rh5 282 Rh6 283 Rh7 284 Rh8 285 Rh9 286 Ri1 287 Ri2 288 Ri3 289 Ri4 290 Ri5 291 Ri6 292 Ri7 293 Ri8 294 Ri9 295 Rj1 296 Rj2 297 Rj3 298 Rj4 299 Rj5 300 Rj6 301 Rj7 302 Rj8 303 Rj9 304 Rk1 305 Rk2 306 Rk3 307 Rk4 308 Rk5 309 Rk6 310 Rk7 311 Rk8 312 Rk9 313 Rl1 314 Rl2 315 Rl3 316 Rl4 317 Rl5 318 Rl6 319 Rl7 320 Rl8 321 Rl9 322 Rm1 323 Rm2 324 Rm3 325 Rm4 326 Rm5 327 Rm6 328 Rm7 329 Rm8 330 Rm9 331 Rn1 332 Rn2 333 Rn3 334 Rn4 335 Rn5 336 Rn6 337 Rn7 338 Rn8 339 Rn9 340 Ro1 341 Ro2 342 Ro3 343 Ro4 344 Ro5 345 Ro6 346 Ro7 347 Ro8 348 Ro9 349 Rp1 350 Rp2 351 Rp3 352 Rp4 353 Rp5 354 Rp6 355 Rp7 356 Rp8 357 Rp9 358 Rq1 359 Rq2 360 Rq3 361 Rq4 362 Rq5 363 Rq6 364 Rq7 365 Rq8 366 Rq9 367 Rr1 368 Rr2 369 Rr3 370 Rr4 371 Rr5 372 Rr6 373 Rr7 374 Rr8 375 Rr9 376 Rs1 377 Rs2 378 Rs3 379 Rs4 380 Rs5 381 Rs6 382 Rs7 383 Rs8 384 Rs9 385 Rt1 386 Rt2 387 Rt3 388 Rt4 389 Rt5 390 Rt6 391 Rt7 392 Rt8 393 Rt9 394 Ru1 395 Ru2 396 Ru3 397 Ru4 398 Ru5 399 Ru6 400 Ru7 401 Ru8 402 Ru9 403 Rv1 404 Rv2 405 Rv3 406 Rv4 407 Rv5 408 Rv6 409 Rv7 410 Rv8 411 Rv9 412 Rw1 413 Rw2 414 Rw3 415 Rw4 416 Rw5 417 Rw6 418 Rw7 419 Rw8 420 Rw9 421 Rx1 422 Rx2 423 Rx3 424 Rx4 425 Rx5 426 Rx6 427 Rx7 428 Rx8 429 Rx9 430 Ry1 431 Ry2 432 Ry3 433 Ry4 434 Ry5 435 Ry6 436 Ry7 437 Ry8 438 Ry9 439 Rz1 440 Rz2 441 Rz3 442 Rz4 443 Rz5 444 Rz6 445 Rz7 446 Rz8 447 Rz9 448 Ra1 449 Ra2 450 Ra3 451 Ra4 452 Ra5 453 Ra6 454 Ra7 455 Ra8 456 Ra9 457 Rb1 458 Rb2 459 Rb3 460 Rb4 461 Rb5 462 Rb6 463 Rb7 464 Rb8 465 Rb9 466 Rc1 467 Rc2 468 Rc3 469 Rc4 470 Rc5 471 Rc6 472 Rc7 473 Rc8 474 Rc9 475 Rd1 476 Rd2 477 Rd3 478 Rd4 479 Rd5 480 Rd6 481 Rd7 482 Rd8 483 Rd9 484 Re1 485 Re2 486 Re3 487 Re4 488 Re5 489 Re6 490 Re7 491 Re8 492 Re9 493 Rf1 494 Rf2 495 Rf3 496 Rf4 497 Rf5 498 Rf6 499 Rf7 500 Rf8 501 Rf9 502 Rg1 503 Rg2 504 Rg3 505 Rg4 506 Rg5 507 Rg6 508 Rg7 509 Rg8 510 Rg9 511 Rh1 512 Rh2 513 Rh3 514 Rh4 515 Rh5 516 Rh6 517 Rh7 518 Rh8 519 Rh9 520 Ri1 521 Ri2 522 Ri3 523 Ri4 524 Ri5 525 Ri6 526 Ri7 527 Ri8 528 Ri9 529 Rj1 530 Rj2 531 Rj3 532 Rj4 533 Rj5 534 Rj6 535 Rj7 536 Rj8 537 Rj9 538 Rk1 539 Rk2 540 Rk3 541 Rk4 542 Rk5 543 Rk6 544 Rk7 545 Rk8 546 Rk9 547 Rl1 548 Rl2 549 Rl3 550 Rl4 551 Rl5 552 Rl6 553 Rl7 554 Rl8 555 Rl9 556 Rm1 557 Rm2 558 Rm3 559 Rm4 560 Rm5 561 Rm6 562 Rm7 563 Rm8 564 Rm9 565 Rn1 566 Rn2 567 Rn3 568 Rn4 569 Rn5 570 Rn6 571 Rn7 572 Rn8 573 Rn9 574 Ro1 575 Ro2 576 Ro3 577 Ro4 578 Ro5 579 Ro6 580 Ro7 581 Ro8 582 Ro9 583 Rp1 584 Rp2 585 Rp3 586 Rp4 587 Rp5 588 Rp6 589 Rp7 590 Rp8 591 Rp9 592 Rq1 593 Rq2 594 Rq3 595 Rq4 596 Rq5 597 Rq6 598 Rq7 599 Rq8 600 Rq9 601 Rr1 602 Rr2 603 Rr3 604 Rr4 605 Rr5 606 Rr6 607 Rr7 608 Rr8 609 Rr9 610 Rs1 611 Rs2 612 Rs3 613 Rs4 614 Rs5 615 Rs6 616 Rs7 617 Rs8 618 Rs9 619 Rt1 620 Rt2 621 Rt3 622 Rt4 623 Rt5 624 Rt6 625 Rt7 626 Rt8 627 Rt9 628 Ru1 629 Ru2 630 Ru3 631 Ru4 632 Ru5 633 Ru6 634 Ru7 635 Ru8 636 Ru9 637 Rv1 638 Rv2 639 Rv3 640 Rv4 641 Rv5 642 Rv6 643 Rv7 644 Rv8 645 Rv9 646 Rw1 647 Rw2 648 Rw3 649 Rw4 650 Rw5 651 Rw6 652 Rw7 653 Rw8 654 Rw9 655 Rx1 656 Rx2 657 Rx3 658 Rx4 659 Rx5 660 Rx6 661 Rx7 662 Rx8 663 Rx9 664 Ry1 665 Ry2 666 Ry3 667 Ry4 668 Ry5 669 Ry6 670 Ry7 671 Ry8 672 Ry9 673 Rz1 674 Rz2 675 Rz3 676 Rz4 677 Rz5 678 Rz6 679 Rz7 680 Rz8 681 Rz9 682 Ra1 683 Ra2 684 Ra3 685 Ra4 686 Ra5 687 Ra6 688 Ra7 689 Ra8 690 Ra9 691 Rb1 692 Rb2 693 Rb3 694 Rb4 695 Rb5 696 Rb6 697 Rb7 698 Rb8 699 Rb9 699 Rc1 700 Rc2 701 Rc3 702 Rc4 703 Rc5 704 Rc6 705 Rc7 706 Rc8 707 Rc9 708 Rd1 709 Rd2 710 Rd3 711 Rd4 712 Rd5 713 Rd6 714 Rd7 715 Rd8 716 Rd9 717 Re1 718 Re2 719 Re3 720 Re4 721 Re5 722 Re6 723 Re7 724 Re8 725 Re9 726 Rf1 727 Rf2 728 Rf3 729 Rf4 730 Rf5 731 Rf6 732 Rf7 733 Rf8 734 Rf9 735 Rg1 736 Rg2 737 Rg3 738 Rg4 739 Rg5 740 Rg6 741 Rg7 742 Rg8 743 Rg9 744 Rh1 745 Rh2 746 Rh3 747 Rh4 748 Rh5 749 Rh6 750 Rh7 751 Rh8 752 Rh9 753 Ri1 754 Ri2 755 Ri3 756 Ri4 757 Ri5 758 Ri6 759 Ri7 760 Ri8 761 Ri9 762 Rj1 763 Rj2 764 Rj3 765 Rj4 766 Rj5 767 Rj6 768 Rj7 769 Rj8 770 Rj9 771 Rk1 772 Rk2 773 Rk3 774 Rk4 775 Rk5 776 Rk6 777 Rk7 778 Rk8 779 Rk9 780 Rl1 781 Rl2 782 Rl3 783 Rl4 784 Rl5 785 Rl6 786 Rl7 787 Rl8 788 Rl9 789 Rm1 790 Rm2 791 Rm3 792 Rm4 793 Rm5 794 Rm6 795 Rm7 796 Rm8 797 Rm9 798 Rn1 799 Rn2 800 Rn3 801 Rn4 802 Rn5 803 Rn6 804 Rn7 805 Rn8 806 Rn9 807 Ro1 808 Ro2 809 Ro3 810 Ro4 811 Ro5 812 Ro6 813 Ro7 814 Ro8 815 Ro9 816 Rp1 817 Rp2 81

I was dining with a voluptuous, sable-clad companion at Monsieur Neanderthal the other night when Gordon Brown sidled up, smirked, sat down – and sent our spirits sagging as only he can.

I was puzzled, for Monsieur Neanderthal is the coolest of the in-places in Notting Hill, London's hippest neighbourhood. So cool is Monsieur Neanderthal that people such as Brown never normally penetrate its mythical interior. If they do, they are gathered up abruptly by one of Monsieur Neanderthal's 7ft bouncers and tossed back into the street, to the wry amusement of those of us – major party boys and girls – who are supposed to be on the inside, looking out.

Yet here he was, Gordon Brown, Mr Labyrinthousness. At my table. Smirking at my sable-clad companion, "Gordon," I said sharply. "How did you get in? Do you know where you are?"

For those who live their lives

Tax-cutting talks with the Ticktocks

Think big, tax fat, then think thin and tax slimming products, advises Michael Thompson-Noel

thousands of miles from Britain's turbulent shores, I should explain that Gordon Brown is not an unimportant person. He will be Britain's next chancellor of the exchequer (finance minister). Soon, the British electorate, despite its negative IQ, will vote out the right-of-centre Conservative government that has ruled and abused it for many an aeon and install, in its place, a left-of-centre "New" Labour government led by the youthfully ravishing Tony Blair. At which point Blair's bosom friend, Brown, will assume charge of Britain's economy, and will face the challenge that bedevils all western

governments: how to raise the tax take while pretending to lower it. Blair is said to be obsessed with the idea that a New Labour government should not increase tax rates, especially personal tax rates. And we all know what that means. It means years of fudge and bludge: giving with one hand and taking with the other; statistical legerdemain; verbal trickery. Brown flapped a hand. "How did I get in? No prob, actually. My minders explained to the bouncers that I was Britain's chancellor-in-waiting and that I wanted to talk to you. It was as easy as pie." Brown's sinister minders, who are also his advisers, are known as the

Ticktocks. They accompany him everywhere. Bad charcoal suits. Herbie Frogg ties. Rubber shoes. Laptops. Palmtops. Really bad news. "The reason I want to talk to you," Brown continued, "is that I hear you've thought of a wheeze for increasing the tax take while appearing to lower it. If you tell me about this wheeze, I'll cut you in. You can have 3 per cent of the amount by which your idea increases the tax take while appearing to lower it."

"OK," I said. "Three per cent it is, though my wheeze is transparent. It does not involve subterfuge but it does require chutzpah. Think big, Gordon. Think fat. Fat will be your

salvation. First, you'll have to start taxing food heavily, especially fat-inducing foods. Obesity is harmful. Nobody likes obesity. That's your excuse. However, at the same time you'll also impose a special tax on all slimming products. Slimming is big business. Sales are enormous. But slimming can be harmful. You'll have to make that clear.

"If we believe the Body Image Task Force, a fat-acceptance group in California, dieting can lead to anxiety, depression, lethargy, lowered self-esteem, decreased attention span, weakness, high blood pressure, hair loss, gall bladder disease, gallstones, heart disease, ulcers,

constipation, anaemia, dry skin, skin rashes, dizziness, reduced sex drive, menstrual irregularities, amenorrhoea, gout, infertility, kidney stones, numbness in the legs, weight gain, compulsive eating, anorexia nervosa, bulimia, reduced resistance to infection, lowered exercise tolerance, electrolyte imbalance, bone loss, osteoporosis, death.

"I got that list from a new book, *Eat Fat*, by an American, Richard Klein. He's a professor at Cornell. Despite the present fat for slimmers, says Klein, we are all getting fatter. Americans as a whole are about 10 per cent fatter than they were 12 years ago. The same is true in Britain,

Spain, Japan, France – everywhere. So you've got this pull-and-push effect which you, Gordon, can tax to the hilt: slimming is big business, but it can be harmful. People are actually getting fatter, but that is harmful, too. So you can tax foodstuffs and slimming products with near-impunity.

"Naturally, this will give you great scope for lowering other taxes. And you will reap the diff. I reckon that the difference between what you'd gain by taxing fatness and thinness and what you'd give away by lowering other tax rates could be – don't quote me – £7bn to £10bn."

Gordon Brown said: "Michael, you're amazing." But then he blundered. In his excitement he snatched up a menu. He thought he was joining us. Quick as you like, a 7ft bouncer gathered him up and threw him into the street. The Ticktocks swiftly followed. People who gatecrash Monsieur Neanderthal walk a gossamer tightrope.

Metropolis

A menu of cohesion and disparity in Chinatown

The changing character of Chinese enclaves in big cities has a historical perspective, says Robert Thomson

When Roman Polanski made a film about a private detective entangled in corruption and intimidation, he shrouded the scenario in shadows and menace by calling it *Chinatown*, although the Chinese content was barely more than a bit-part.

It is part of the image of Chinatown that behind passive faces and the cardboard boxes of sugar cane, persimmon, peppers and cabbage that there is a culture of extreme violence. That, at least, is the appeal to a film director in search of a catchy title and another layer of implied intrigue. So for some Chinese, the word Chinatown has the air of insult. It carries echoes of the derogatory word "Chinaman" and reminds them of the prejudices and the attacks which had encouraged ethnic Chinese to gather together for security near the centres of a metropolis. And that was before the US passed the Chinese Exclusion Act in 1882, when Chinese were considered a serious threat to "our peace and welfare".

The ornamental arch in London's Gerrard Street is inscribed with the characters *huafu*, probably best translated as Chinatown. But even if the name is not a problem with the majority of the inhabitants, the personality of the place itself is changing.

Come the celebrations for the Year of the Ox next week, with dancing lions and seasonal dumpings, the Chinese audience will have a far broader spread of accents and dialects than was the case a decade ago. Along with long-resident Cantonese, there will be the less nasal tones of the

Beijing-born and the slang of the Shanghaiese.

The changing character of Chinatown tells of shifts within China: the rush of students to foreign universities; the arrival of influential mainland companies; the Hong Kong handover; and the relaxation of Beijing's passport policy which had verged on the paranoid until the 1990s. And then, in the US, there are the "illegals".

Officer David Yat, who works for the Fifth Precinct in Manhattan, says that the most recent official estimate of Asians living in Chinatown was 44,000 in the 1990 census. That figure should be doubled, he says, to take into account illegal residents. "But we don't worry if they are illegal. That is not our department's job. We are here to assist them."

He says the recent arrival of mainlanders, particularly Fujianese, has created territorial tensions in the streets around East Broadway, where sweatshops compete piece-for-piece with the low-rent factories in east Asia. "The Cantonese have moved a little more north and a little more south to make way. It's difficult for us because they speak a different dialect, Fujianese or Mandarin, and we don't have a big percentage of officers who do."

London's Chinatown, hemmed in by Soho, Covent Garden and the overflow from Leicester Square, does not have a tenement textile industry or New York-style basement bunk houses. Manchester Chinese, only half-joking, say that London, with its curly-roofed red telephone boxes from the ersatz Qing, is designed to entertain tourists, not to sustain a community.

The London Chinatown Associ-



Out with the old: Chinatown will hear less nasal tones of the Beijing-born and the slang of the Shanghaiese

ation estimates that of the 150,000 ethnic Chinese residents in the UK, about 100,000 are in London. It expects a majority of the 50,000 Hong Kong families given right of abode by the British government to settle in the capital. Longer term, the most influential newcomers will be the mainlanders who have the weight of numbers behind them.

In 1980, only 5,300 holders of People's Republic of China passports entered the UK. In 1990, 20,400 arrived and, in 1995, 44,600. In 1990, 340 students arrived from the PRC and, in 1995, there were 2,250 who took up courses. The northern Chinese among them have challenged the southern traditions of Chinatown, as they have a diet more based on wheat than rice and a reputation as being less mercantile minded.

The big event this year is the return of Hong Kong to Beijing, and it is clear that some money is moving out before the People's Liberation Army moves in. A rush of apartment purchases, often sight unseen, by Hong Kong buyers has helped turn round the central London property market, and New York

police say money appears to be flowing out of Hong Kong into local Chinatown banks.

The US police presumption is that triads will try to shift operations and personnel offshore, though they have not yet surfaced in larger than normal numbers on New York's streets. David Yat says "there is trouble with the TO (Tung On gang) in

East Broadway", where the Fujianese have asserted authority. There are gangs, gangs and triads in New York. Gwen Kinkaid, in her work *Chinatown - Portrait of a Closed Society*, traces the extensive networks of the White Tigers, the Canal Street Boys and the Flying Dragons. If you look at the lineage, these gang members

are the bastard children of early 20th century Chinese warlordism and 19th century US racism, eloquently described by President Grover Cleveland who said the Chinese were "impossible of assimilation".

The isolation of the first arrivals, mostly single men lured by the prospect of gold, encouraged the formation of associations (tongs) and the closed culture of Chinatown. Competition for the support of its residents turned political with the rise of communism on the mainland and the exile of the Nationalists on Taiwan.

The political segregation has eased, and in the same Gerrard Street, London, newsagency you can buy mainland and Taiwanese publications, but the struggle continues.

Last July, the Taiwanese Central News Agency complained of "Beijing's fierce competition for overseas Chinese loyalty". A more interesting example is a made-for-the-mainland melodrama called *Beijing Nights in New York* and screened in 1992. It had all the usual soap stuff, with an accomplished cellist forced to

wash dishes in a restaurant and his wife making sweaters and, later, leaving him for an American businessman. The People's Daily attempted to score points by suggesting that "no matter where you go, you always remain Chinese".

Coping with crude calls for "patriotism" to the Motherland, and dealing with questions about loyalty to the UK is part of the self-defined brief of Yung Yung Wah, who was raised in Hong Kong by a family with roots in Shanghai, studied at Manchester University and, in 1992, became that city's first ethnic Chinese woman to be appointed a justice of the peace.

She co-wrote *British Soil, Chinese Roots*, a sometimes frank, sometimes idealised portrait of local life published last year. At the launch, a Chinese official complained that she had included references to Taiwanese organisations in the UK.

Sitting in the New Emperor restaurant in Manchester's Chinatown, Yung Yung explained that she was "proud of this Chinatown", but that publicity about triads and protection rackets

made people wonder if "it is safe to walk on the streets".

Local police say that it is convenient for a small-time hood to suggest that he has a link to a powerful Hong Kong triad, but there is little evidence of crime syndicate control.

Yung Yung, Mrs Buckley as she is formally known, talked for three hours about the mixed emotions and the ambitions of local Chinese, and she herself reflected many of the concerns/hopes of Chinese who have lived abroad during the past two centuries.

She worries about the identity of BBCs (British-born Chinese) who no longer cultivate their roots; she sees the recognition for her community. She is angered that her prominence has made her a target for endless Chinatown gossip. She is annoyed that the west is trying to "suppress" the emerging China; and she glows gently about the 10,000-book public library she has established. Within those covers is literary evidence of Chinatown's more varied present – Catherine Cookson in Chinese.

Arcadia

Big thaw in the great white north

Chrystia Freeland makes the bleak journey home to Peace River in northern Alberta

But that's the outer buffer zone!" my incredulous London travel agent exclaims when I ask him to book me a ticket to Peace River, my home town in northern Canada.

We briefly exchange cosmopolitan small-talk about how charmingly old-fashioned such remote hamlets tend to be – a conversation that gives me a guilty thrill at what a sophisticated urbanite I have become.

Then I surrender my credit card number and what seems to be a small fortune and a few weeks later I am off on a January visit to my family.

As the frail light aircraft takes off from Edmonton, the Alberta capital, "outer buffer zone" seems an apt description for the bleak white desert which unfolds below. The 300-mile journey, almost due north, takes me over a vast expanse of flat prairie buried in several feet of snow and an evergreen forest the size of Wales in which the deer outnumber the people.

If I were driving, I would not pass any towns larger than my destination which, with a population of 10,000, is the commercial hub of the Alberta north.

Gazing down at the emptiness, I fight a rising wave of panic. Will I survive the next four days of Arctic isolation? Will there be enough to do, to talk about, to

eat? At least, I think in smug self-consolation, I can wow my teenage sisters with my slick city style – chocolate brown (the "black" of 1997) flared trousers and a brown velvet shirt.

But when I walk to my airy, cedar childhood home on our family farm 10 miles out of town, my sisters seem to have more pressing concerns.

"Oh, sorry, we were surfing," they explain, when at last I come upon them in the study, their two rat faces bathed in the bluish glow of their computer screen.

"Know anything about Nigerian human rights abuses?" asks Katie, the 15-year-old. "I've joined Amnesty International through the Net and that's our latest campaign."

Instead of Nowheresville, I seem to have arrived in Cybercity. Deflated, I try a hesitant little twirl to draw attention to my metropolitan splendour.

"Nice pants, I bought some like these in LA last summer," Katie observes as I flee the room lest Anne discover my guilty secret – I have no E-mail address.

Thanks to the information superhighway, Peace River may today be thoroughly briefed on the latest misdeeds of African tyrants and privy to the transcontinental gossip of computer-teens, but no technology can defeat the dominant force of the Canadian north: winter.

Next to Peace River, where this year the snowdrifts began to pile up in October and which every winter expects a few weeks of -40°C temperatures, even Moscow, where I now live, is relatively balmy. Cosseted by the gentle Russian climates, I am startled when I feel the first breath of Alberta air freeze my nasal passages and send a chill all the way down my lungs.

But by morning I am again happily indulging in one of Canada's secret perversities – a macho delight in the freezing weather which only we, the chosen, frozen people, are able to handle.

When my English boyfriend asks about the whitish blobs obscuring my eyes, I cheerfully explain they are icicles which have crystallised on my eye-

lashes. The white "fur" around my hat is ice-encased hair.

My rediscovered nerve is tested when we decide to venture on to the modest downhill ski runs on Misery Mountain, just a few miles from my family's home. Many skiers wear top-toe snowsuits and face masks covering everything but their irises

Only we, the chosen, frozen people, can handle the weather

and nostrils. A notice-board inside the chalet gives a daily warning of how long it takes exposed flesh to freeze, alongside the bulletins about the weather and snow condition.

Preoccupied by adjustments to my neck-warmer – in the end I decide it should go on top of my turtle-neck sweater but beneath

the thick ear-flaps of my woolly hat – it is not until we are being dragged up by the T-bar that I notice my sisters have actually come out without coats.

"These sweaters are really warm," they insist between shivers when I question their suicidal attire.

Scanning the slopes more carefully, I notice that none of the teenage girls are wearing Parkas. Next to our bulky figures, enveloped in wool and down, they look like naked wraiths and as I watch them the explanation slowly dawns.

"Are you worried that Parkas make you look fat?" Eyes downcast, my sisters nod. On top of the familiar adolescent threat of anorexia, it seems northern girls must contend with hypothermia as well.

For many of their less image-conscious elders, though, the winter is welcome. Logging and oil exploration, two of the mainstays of the local economy, can only be done when the ground is frozen, making the year's coldest months some of the busiest. Of course, the opposite is true

for farming, which at the turn of the century first brought European settlers to the fertile Peace River valley. Many farmers enslave the frozen months by taking second jobs: my farming father doubles in the winter as a lawyer, others moonlight as carpenters, mechanics or loggers.

Some of their neighbours have found a different way of keeping busy. They are activist members of Farmers for Justice, which is waging the Canadian prairies' answer to the civil rights' struggle. Their oppressor is the Canadian Wheat Board, a national organisation to which all wheat-growers must sell their crop.

One Farmer-for-Justice has even been to jail for the cause: he was imprisoned for independently exporting some of his wheat across the border to the US. In solidarity, the Peace River Farmers for Justice, and other like-minded crusaders across the prairies, mounted their own version of non-violent civil disobedience. Hundreds of them carried sacks of wheat on foot across the US border.

They hoped to clog up the fed-

eral justice system by provoking hundreds of arrests. To their dismay the police refused to rise to the bait and the Peace River contingent went home to more long winter nights.

Free-wheeling antics such as this come naturally to the denizens of the Peace valley. The local hero, immortalised in wooden statues, paintings, buttons and jewellery, is a man known as Twelve-Foot Davis.

He earned his nickname by prospecting for gold in the 12ft strips of no-man's-land left between official claims. That underdog ingenuity and a generosity of spirit ("He never left his cabin door closed") have made him a sort of patron saint of the Peace.

As the thought of Davis, and of Peace River's newest band of justice-seekers, I begin to recall some of the virtues of the Canadian north: its raw beauty; the free spirit of its people; its small-town friendliness; the community's good-natured tolerance of eccentricity.

"When you grow up, do you want to stay in Peace River?" I ask Anne, in a voice gentle with nostalgia. Standing at the top of the ski lift, we gaze down at the dramatic gorge carved out below by the Peace River.

Then Anne brought me thumping back to earth with her matter-of-fact reply: "Of course not. It's really boring here."

Handwritten note in Arabic script: "سبحان الله"

Last week's interim results

Company	Sector	Half year to	Pre-tax profit (£000)	Interim dividend per share (p)
Abacus Lloyds	Inf	Sept	94,226 (18,51)	1.55 (1.55)
Abacus	Inf	Oct	204 (241)	-
Abacus (CH)	Inf	Nov	291 (139)	-
British Assets	Inf	Dec	1,510 (1,610)	2.9 (2.9)
British Assets	Inf	Dec	-	1.16375 (1.1387)
Canal & Gray	Inf	Dec	354 (523)	0.75 (0.75)
Channel	Inf	Dec	1,020 (1,130)	1 (0.5)
Channel	Inf	Dec	1,280 (908)	0.55 (0.55)
Channel	Inf	Dec	1,010 (890)	0.9 (0.75)
Channel	Inf	Dec	34.8 (34.5)	2.25 (2.25)
Channel	Inf	Dec	778 (773)	0.75 (0.75)
Channel	Inf	Dec	85 (81)	-
Channel	Inf	Dec	28,000 (27,100)	-
Channel	Inf	Dec	201 (240)	-
Channel	Inf	Dec	319 (27)	0.4 (-)
Channel	Inf	Dec	4,800 (867)	-
Channel	Inf	Dec	921 (1,100)	-
Channel	Inf	Dec	3,080 (14,100)	1.95 (1.85)
Channel	Inf	Dec	387 (679)	-
Channel	Inf	Dec	2,810 (2,000)	1.7 (1.4)
Channel	Inf	Dec	15 (2,010)	0.25 (0.75)
Channel	Inf	Dec	-	2 (2)
Channel	Inf	Dec	919 (481)	0.1 (0.05)
Channel	Inf	Dec	330 (290)	2.2 (1.0)
Channel	Inf	Dec	2,200 (2,200)	5 (4.5)
Channel	Inf	Dec	15,000 (14,000)	-
Channel	Inf	Dec	282 (216)	-
Channel	Inf	Dec	1,030 (1,030)	6.5 (5.0)
Channel	Inf	Dec	-	1.35 (1.35)
Channel	Inf	Dec	11 (2,700)	-
Channel	Inf	Dec	9,652 (5,100)	-
Channel	Inf	Dec	7,020 (5,910)	2.15 (1.85)
Channel	Inf	Dec	125 (40)	-
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Channel	Inf	Dec	49.5 (278.2)	2.85 (2.7)
Channel	Inf	Dec	882 (1,220)	2.7 (1)
Channel	Inf	Dec	5,200 (4,700)	1.1 (1)
Channel	Inf	Dec	5,480 (4,900)	2.5 (2.0)
Channel	Inf	Dec	80 (50)	-
Channel	Inf	Dec	519 (271)	-
Channel	Inf	Dec	8,840 (2,840)	2.2 (2.2)
Channel	Inf	Dec	88.3 (80.4)	1.8 (1.7)
Channel	Inf	Dec	2,450 (304)	-
Channel	Inf	Dec	198.5 (171.4)	-
Channel	Inf	Dec	28,000 (17,300)	5.25 (3.25)
Channel	Inf	Dec	54 (24)	-
Channel	Inf	Dec	22 (29)	-
Channel	Inf	Dec	3,000 (2,200)	4 (3.5)
Channel	Inf	Dec	3,830 (2,030)	1.4 (1)

(Figures in parentheses are for the corresponding period.) Dividends are shown net of tax. All figures are in £000 unless otherwise stated. * US dollar and cents. * Previous year and figures. * 9-month figures. * Pro forma results versus pro forma results. * 9-month figures versus 12-month figures. * 3-month figures. * 24-week figures.

Bids/deals

Electra Fleming, the venture capital backer behind a \$79.5m management buy-out for William Cook, claimed yesterday the steel casting group was at the centre of a smear campaign aimed at derailing the deal, writes *Tim Burt*.

The company, which is fighting a \$71.8m hostile bid from rival Triplex Lloyd, this week faced allegations of apparent discrepancies between a downbeat trading statement and financial information it gave to its bankers a month earlier.

Andrew Cook, chairman and chief executive of William Cook, confirmed a request had been lodged with the Department of Trade and Industry to investigate his company. But he dismissed it as an attempt by Triplex to destabilise its defence.

Electra Fleming said: "We do not give these allegations any credence." Engineering group FKI this week abandoned its \$186m hostile bid for Newman Tonks, the architectural hardware company, after Ingersoll-Rand made a \$230m counter offer.

Ingersoll, a US industrial equipment manufacturer, agreed its cash offer after several weeks of secret talks with Newman Tonks. Its bid is worth 179.4p a share compared with FKI's 148.4p.

The \$432m bid battle between Gulf Canada Resources and Clyde Petroleum intensified this week following the UK oil independent's final defence document on Tuesday.

Clyde argued that the Canadian oil and gas group's 105p a share cash offer seriously undervalued its assets. It produced a report on Tuesday, commissioned from Energy Resource Consultants, which argued for a new net asset value of 120p, or 144p without any premium for control. The valuation compares with analysts' expectations of between 70 and 80p before the bid was launched in December.

Gulf immediately criticised the report as unrealistic and claimed that Clyde's expectations of its 1996 acquisitions were "overly optimistic". Clyde's shares edged down in the week and closed on Thursday at 115.4p.

Current takeover bids and mergers

Company	Year of bid	Market value (£m)	Pre-tax profit (£000)	Interim dividend per share (p)
Apply Westward	171%	167%	129	9.5
Arable	21%	20	16.37	Hampton Inds
Burnfield	172%	170	100	50.22
Clyde Petroleum	105%	115%	84%	431.97
Cook (Wm)	3845%	425	240%	73.0
Cook (Wm)	42%	425	375	80.81
East Midlands B.I.	67%	570	611	1,229.00
Ferchurch	66%	62	61%	24.43
Graham Group	1775%	175	125%	35.67
JJB Group	182	151	108	210.10
Lloyds Chemicals	52%	525	516%	650.47
London Electricity	76%	685%	683%	1,220
Newman-Tonks	17%	179	151%	223.82
Northern Electric	65%	691	520	659.75
QSC Int	119.3%	117%	116%	72.5
Scott Petroleum	57%	54%	51%	7.20

Prices in pence unless otherwise indicated. All cash offer. 5% capital not already held. * Unconditional. * Based on lunchtime prices 31/1/97. * 55Shares and cash. * All shareholders who accept the offer may choose to receive loan notes for all or part of the cash consideration.

New issues

Newcastle rocks

Northern Rock, the Newcastle-based building society converting to a bank, set the scene for its autumn flotation by reporting a 14 per cent jump to £167.5m in underlying pre-tax profits for 1996, writes *Christopher Price*.

Flotation is planned for October and the society is valued by UBS and BZW at about £1.25bn, suggesting an average pay-out of £1,250 to each of its 1m members.

Antisoma, the biotechnology company linked to the Imperial Cancer Research Fund, hopes to raise £30m and achieve a valuation of about £70m from a summer flotation. Cambridge Antibody Technology, another biotech company, plans to float in the first half of this year. It hopes to raise between £30m and £35m from an institutional placing of shares valuing it at close to £100m.

Flights/leases

Great Portland Estates is to raise £37m via a 4-25 rights issue.

Offers for sale, placings & introductions

Recessed VCT is raising up to £15m via an open offer.

Corral Plastics is to raise £28m net via a placing and open offer of 5.1m new shares @ 53p.

The BioScience Innovation Centre is raising £25m via a listing on AIM.

CAT is to raise approx. £30-35m via an institutional placing.

Lowie (Robert H) is to raise £71m via a placing & open offer of 25m shares @ 25p.

Produce Trust is to raise £20.2m via a placing of 20.2m shares @ 100p.

The week ahead
TV company sets hot Pace

TUESDAY: Pace Micro, which makes digital satellite television receivers, is expected to announce interim profits of more than £10m and pay a maiden dividend of 1p.

The group, which has shot to a market value of about £400m since its June flotation, has carried out trials in anticipation of digital terrestrial television, which is expected to begin next year. These are expected to provide further impetus to the market for decoders.

WEDNESDAY: British Sky Broadcasting, the satellite television venture, is expected to announce interim pre-tax profits of about £130m, compared with £106.3m. The formation of a

joint company with Carlton and Granada in order to bid for the right to launch digital terrestrial television, was announced on Friday.

The City now is waiting for further news on digital satellite television plans.

THURSDAY: Imperial Chemical Industries reports its full-year results and investors should find out whether the shares' long underperformance has been justified.

Pre-tax profits, which were £95m for 1996, will do well to rise above £90m for last year. All eyes will be on current trading - whether demand has picked up and whether the prices of raw materials and ICT's products such as polyester film, are rising.

Results due next week

Company	Sector	Announced due	Last year interim	Dividend by	This year interim
Amplify Smaller Ent	Inf	Friday	1.4	1.5	1.6
Continental Assets	Inf	Thursday	-	3.0	-
Crest Nicholson	B&C	Thursday	0.6	1.4	0.6
Europamp	L&M	Wednesday	3.75	7.25	3.75
European Assets Trust	Inf	Monday	-	-	-
Garmon & Inc & Growth	Inf	Tuesday	2.0	3.75	3.0
Harlequin Brewery	Inf	Friday	-	-	-
ICI	Chem	Thursday	11.5	18.5	12.5
Murray Euro Inv	Inf	Friday	-	0.35	-
St Andrew Trust	Inf	Tuesday	2.85	6.05	3.0
Warrants & Value	Inf	Friday	-	-	-

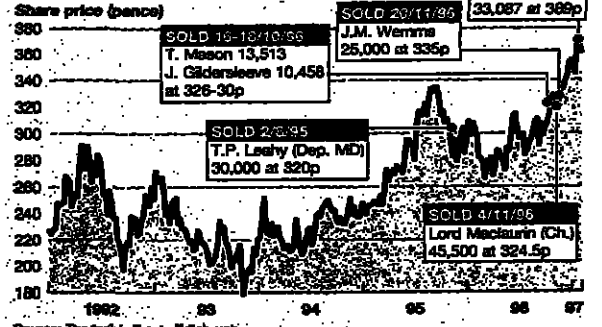
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Last week's preliminary results

Company	Sector	Year	Pre-tax profit (£000)	Earnings per share (p)	Dividend per share (p)
Abacus	Inf	Sept	94,226 (18,51)	-	1.5 (1.5)
Abacus	Inf	Oct	204 (241)	-	-
Abacus (CH)	Inf	Nov	291 (139)	-	-
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Tesco

Following a run of sales over the last three months executive director John Gilderclive sold 33,087 shares at 36p each. The company's share price is at its highest yet.



Directors' share dealings

Transactions in own companies: January 20-24 1997

Company	Sector	Shares	Value (£000)	No of directors
SALES				
Abbot Group	Oil	9,252,023	11780	1
Amey	B&C	5,000	20	1
Asia Property	Prop	20,000	34	1
Brew	B&C	17,885	181	1
Dawson Holdings	SSer	2,000	49	1
Highcroft Int	Prop	8,500	19	1
KS Biomedical Hlths	Phrm	100,000	90	1
Moss Bros	RetG	2,000	25	1
Nobo Group	PPAP	39,000	36	1
Rage Software	L&H	112,000	12	1
SEC	OTHF	200,000	238	1
Stanley Leisure	L&H	35,000	104	2
Tesco	RetF	33,087	122	1
Tomkins	Divl	44,000	123	1
BPS Industries	B&M&M	17,000	65	1
Compass	Brew	131,859	874	3
Ellis & Eward	Chem	65,468	206	1
Fred Earth Tiles	RetG	50,000	67	1
Hogg Robinson	SSer	61,338	179	1
Jarvis Porter	PPAP	56,108	128	1
KS Biomedical Hlths	Phrm	150,000	135	2
Whitbread	Brew	70,300	544	1
Purchases				
Amour Trust	H&G	50,000	13	1
Bradstock Group	Insu	70,000	48	1
Brunner Inv	InvT	20,000	57	1
Concentric	Eng	20,000	34	1
Dawson Int	Text	70,000	53	1
Farepak	RetF	6,000	24	1
Hughes (J)	RetG	20,000	14	1
Kam River	Uncl	603,621	314	1
Lonrho	Divl	20,000	28	2
Newport Holdings	Prop	150,000	114	1
Nicholas (Vinto)	F&P	7,500	15	1
P & O	Tran	7,800	49	1
Pacific Media	Media	2,500,000	50	1
Pemberton	OTHF	96,866	60	3
Vandome	RetG	4,000	20	1
Wilmington Group	Media	10,000	11	1

Companies must notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (fixed and float) including exercise of options (if 100% subsequently sold, with a value over £10,000, information released by the Stock Exchange. Shares traded are ordinary. Source: The Inside Track, Edinburgh, 0151-638 7070

Preparing the soil for a Labour victory in May

Continued from Page XXII

wealth away out of reach for decades - unless, of course, pension contributions are made compulsory, a hot topic which has been discussed nervously by both leading parties.

Compulsion would enable the government to tax pension contributions and assets more heavily. And because compulsory contributions are not defined as taxes (this already applies to NICs, which cost employers 10 per cent), no campaign promises would be broken - not in the letter, anyhow.

Labour hostility to dividends, and other forms of what used to be called "unearned" income, goes back a long way. It could prove to be one of the most important investment themes for the next parliament if Labour does indeed win the election.

Apart from Lamont's grab, the Conservatives have given every encouragement to dividend growth - right from the start, when dividends soared by 34 per cent in 1979 after the old controls were removed. Long-term charts show that dividends rose between 1951 and 1984 in real terms, showed a downward trend until 1981, then rose sharply again. The charts faithfully reflect the Tory-Labour-Tory political alternation.

Nominal dividend growth averaged 15 per cent annually in the Thatcher golden years between 1984 and 1990. Although dividends started the 1990s badly with the recession and then the tax change, they have been growing at 10 per cent during the past couple of years.

These trends have encouraged something of a cult of equity income in the UK. Unit trusts, for instance, have heavily marketed the theme of a high and growing income, and with great success until quite recently. Already, however, this style of investment has run into difficulties because of the underperformance of a number of prominent high-

Weekend Investor

Wall Street

The strength behind all those records

John Authers finds plenty of evidence for US economic optimism

Perhaps it is time to return to fundamentals. Wall Street started the year in eye-catching fashion, with the indices tracking the movements of the bond and equity markets whirling like so many dervishes.

Records were set for the all-time highest level - with the Dow Jones Industrial Average briefly topping 6,900 - and for the busiest day's trading. The Dow also came within a whisker of setting a new mark for its worst afternoon fall in history.

Strip away the technical glare, and January provided plenty of new data on the underlying strength of the economy. The quarterly earnings season, now virtually complete, confirmed that corporate America still is growing - and faster than most had thought.

Most of the news from the boardrooms has been good, with profits coming in ahead of predictions. Generally, they are about 10 per cent above their level of the year before. But turnover is up by more than this, so confirming that profit margins are under a little pressure.

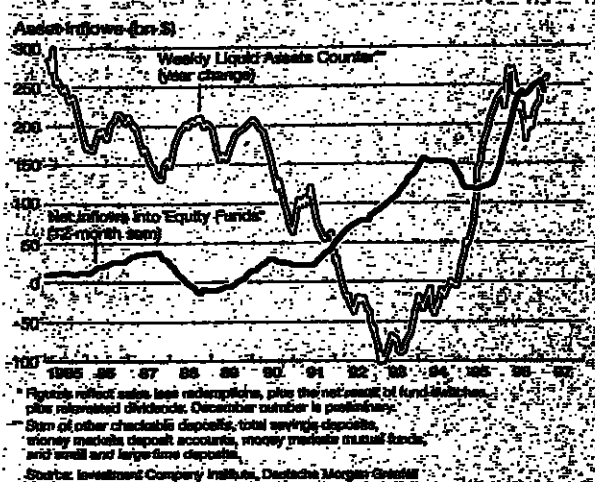
According to a Prudential Securities analysis, profit gains were greatest in the energy sector (up 48.8 per cent) where companies generally managed to do better than analysts had expected. Consumer and financial services companies also registered percentage profit growth in the teens.

Where companies had to bring bad news to the market, they found it had faded this into the price already. This was most obvious in the paper sector, where falls of 30 per cent or more in wholesale paper prices led to a "chainsaw massacre" of earnings figures.

So far, positive earnings surprises, exceeding analysts' expectations, have outnumbered negative surprises by about two to one, and no blue-chip company has had to disappoint the market with figures significantly poorer than expected.

Thanks to the strength of fundamentals, companies are also starting to make themselves very popular in Wall Street by reshuffling themselves. This week, Hilton International even unleashed a hostile bid for

The American family balances its budget



the rival ITT group, owner of crown jewels such as Sheraton Hotels and Madison Square Garden, in a glorious throwback to days past.

This is just the sort of behaviour Wall Street wants to see. More significantly for the long-term health of the market, American consumers also seem to be behaving just the way Wall Street would like.

The monumental flows of cash into equity mutual funds have been well-documented, as has the recent vogue for index funds which has helped large-capitalisation stocks. Figures from the Investment Company Institute this week confirmed that last year was a record one, albeit very slightly below initial estimates.

Anecdotal evidence is that the fund management industry is having its best month ever. The problem, frequently rehearsed in Wall Street boardrooms over the past few years, is that this money could just as easily be withdrawn.

But research on broader financial flows, published by Deutsche Morgan Grenfell this week, suggests that these flows may not carry the sting in the tail.

According to Ed Yardeni, Deutsche's chief economist, flows into "liquid assets" (which he takes to include cheque accounts of all forms, savings and deposit accounts, money market mutual funds and time deposits) continues to rise to record levels each week.

He estimates flows into these cash savings vehicles in the year to January 13 at

\$255bn. This is slightly higher than the flows into equity mutual funds for 1996, as confirmed by the institute.

Having a pool of cash accumulating like this while the stock market continues to rally is extremely positive for equities. It lessens the chances of mass redemptions when the market turns down, and means that consumers have flexibility to deal with a serious economic downturn.

How can this be explained? Yardeni suggests that the philosophy is: "Stocks for retirement. Cash for emergencies." In other words, households are pouring money into retirement savings and then making sure it can stay invested for a rainy day by keeping other assets liquid.

Retirement savings, particularly from post-war baby boomers, have formed the backbone of the mutual funds' rising sales. Yardeni suggests this could mean the boomers believe they have taken enough risk by investing their pension money in equities; either that or they are feeling insecure about their jobs.

It also indicates that, given a greater feeling of security, US households have yet more money which they could put into equities.

Dow Jones Ind Average
Monday 6851.99 - 35.79
Tuesday 6856.16 - 4.01
Wednesday 6740.74 - 84.65
Thursday 6823.36 - 83.12
Friday

London

Howls that became yelps

Philip Coggan reflects on a week of fluctuation

Confused? Can't remember whether Abbey National is trying to make a friendly bid for Scottish Amicable or a hostile offer for Scottish Amicable? It has been that kind of week in the markets. What sounded for a while like a pack of wolves howling in the distance turned out to be some friendly Labrador sniffing for their Whinlolo.

At one point, it seemed as if Wall Street was finally experiencing the long-expected correction which UK investors have been fearing. But the Dow Jones Industrial Average bounced back from its short-term period of weakness, as it has so often before.

There was a brief election scare, too, with a rumour doing the rounds on Wednesday that the government was about to go to the polls. It abated quickly, but there is no doubt it will be

repeated with voting only three months away at most.

The interest rate policy debate also reared its head. The minutes of the December monetary meeting indicated that Eddie George, the governor of the Bank of England, had said base rates might have to rise by half a percentage point in the first few months of this year. But most analysts think Kenneth Clarke, the chancellor, will continue to ignore the governor's advice.

As each of the week's worries - Wall Street, politics and interest rates - was eased (at least, for the moment), the UK stock market was able to forge ahead. There was even a little bit of bid excitement. The approach from Abbey National to Scottish Amicable should not really boost the overall market, since the latter is a mutual, but any takeover activity sets traders speculating on what the next target might be.

By last night, the FTSE 100 index had rebounded to 4,275.8, beating the previous all-time closing high of 4,271.5 recorded on January 23.

The market continues to look inexpensive - by recent standards, at least - if you compare it with short and long term interest rates. The graph shows the yield on long gilts relative to the earnings yield (the inverse of the price/earnings ratio) on the FT Non-Financials index. The higher the ratio, the more attractive it is to switch from shares into bonds.

As can be seen, the ratio is well below the peak reached in 1987 and the levels recorded at the end of 1994 (after bond yields had risen sharply). Comparing the dividend yield on the All-Share with the long bond yield, or with three-month interest rates, tells a similar story. What about the imminent election? History might not



Labour's last war: the UK was facing the oil crisis

be much of a guide. It is true that Labour was expected to win the election in 1992, although its lead in the opinion polls was much narrower than it is now. In that year, the All-Share dropped by 2.9 per cent in the three months leading up to the vote.

Yet, five years ago, the economy was just emerging from recession and the pound was still in the exchange rate mechanism; price/earnings ratios were lower (14, compared with 18.7 today) and dividend yields were higher (5 per cent, compared with today's 3.8 per cent).

For the elections of 1983 and 1987, it was quite clear in advance that the Conservatives were going to win and the stock market moved strongly ahead in the three months before the polls.

Going back to the last time Labour won an election - the two polls of 1974 under Harold Wilson - is not much help, either. The economy was facing the oil crisis, industrial unrest leading to a three-day week, and rampant inflation.

Given that it has been 18 years since the UK had a Labour government, it is hard to believe that the market will not have an occasional wobble before the vote - although, of course, if the Conservatives start catching up quickly, share prices could race ahead.

Labour has tried very hard indeed to adopt a "responsible" pose on issues such as public spending and income tax, but investors will

remain concerned about proposed windfall taxes, the minimum wage, and the EU's social chapter, and other measures which might eat into corporate profits.

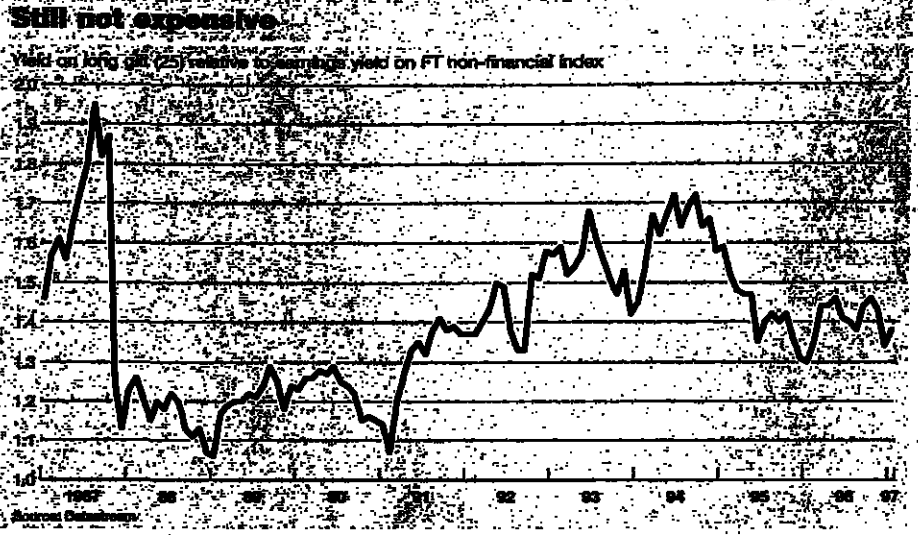
With or without a Labour government, pressure on profits is a significant concern for investors at the moment. Companies continue to disappoint the market with profit warnings.

The recent strengthening of sterling is one of the factors frequently cited by analysts mentioned by Philip Farnell, the electronics company, which put out a statement late on Wednesday.

Institutions tend to like late announcements and the shares took a beating. It then emerged that there had been some tension between the company and its broker, BZW, over whether a warning was necessary, given the abnormal was expected to be only a per cent.

Other warnings came from engineering group Stanley, which blamed cost overruns at a subsidiary, Kenwood Appliances, the food mixer group, which has had problems at its Italian arm, and Robinson, the travel group, which blamed sterling. Norbin, the closed circuit television company, following the loss of a supplier.

A market on a p/e of 18 counting on a robust rate of profits growth. If the results season shows signs of disappointing figures, shares could come under pressure, whatever the polls say.



Highlights of the week

	Value	Change on week	52-week High	52-week Low	
FTSE 100 Index	4275.8	+57.0	4275.8	3612.6	Wall Street strength
Barclays Group	725	+51	735	484	Upbeat trading statement
Bocompact	1155	+227	1157	358	Merrill Lynch recommends
British Biotech	1385	+223	1372	319	Oil analysts' presentation
Carlson Comm	558	+66	558	381	Digital TV hopes
Enterprise Oil	885	+43	893	353	S. Italy drilling news
First Leisure	385	+3	400	328	Michael Gilling appointment
Q1 Universal Stores	645	+30	770	579	Analysts more positive
Maris & Spencer	485	+16	533	416	Positive trading statement
Premier Farnell	525	+14	752	512	Profits warning
Radio Group	440	+27	547	398	Hopes of film distribution sale
Renold	455	+16	484	325	Recovery
Sainsbury (J)	322	+18	406	322	Negative sentiment
TI Group	558	+19	583	456	Recommendations
Zaner	180	+10	180	121	Currency shift



Barry Riley

Preparing the soil for Labour

It is a good time to consult a crystal ball

May 1 remains the targeted day for a UK general election, prime minister John Major is said to have told journalists after Monday's meeting at Chequers, his official country residence, to finalise the Conservative party's manifesto. It remains to be seen if the choice of the traditional socialist festival day as the occasion for the poll proves to have symbolic significance. But the Labour party appears to remain more than 20 points ahead in the opinion polls, for what they are worth.

If the government is indeed to change after 18 years, the financial community is approaching the date with notable stoicism. Reassured by shadow chancellor Gordon Brown's promise not to raise the 23 and 40 per cent income tax rates, the City of London's mobile international financial fat cats are no longer discussing moves to more lightly taxed jurisdictions, as they did before previous general elections. Wealthy investors do not appear to be rushing to take money out of the country or set up elaborate structures to protect their wealth.

Should savers be more worried? Certainly, there is no question of Labour's repeating the policies of the

1960s and 1970s. On the other hand, nor can we expect a rerun of the 1980s.

According to Brown and leader Tony Blair, Labour - or New Labour as it now calls itself - will stick to existing public spending ceilings for at least two years as well as freezing income tax rates. But then, in 1984 and 1986, the late Harold Wilson swore he was not going to devalue, which he did in 1967. And, in October 1974, chancellor Denis Healey never dreamt that, within two years, he would be going cap-in-hand to the International Monetary Fund.

What will happen if Labour arrives at the Treasury and finds (or claims to find) something nasty lurking in the nation's "books"? How will it respond to a future crisis arising, perhaps, from a renewed surge in public sector borrowing or European currency turmoil?

Let us recall the financial environment when Labour was last in power. In the spring of 1978, income taxes ranged up to 83 per cent of earned income and an amazing 98 per cent of "unearned income". There were exchange controls on investments and controls on company dividends. Admittedly, conditions had been little better under the Conservative government of Edward

Heath between 1970 and 1974.

The middle classes survived those grim years with the help of certain crucial tax shelters. There was unlimited relief at the highest marginal income tax rate on mortgage interest; this made home ownership absurdly cheap. There was

also generous tax relief on pensions. Membership of Lloyd's of London was another favourite device for outwitting the plodding tax inspector. Today, those shelters have been seriously eroded. Mortgage interest relief is now vestigial, and pensions relief applies only to incomes up to (in 1997-98) £84,000. As for Lloyd's - enough said.

So are the middle classes now defenceless against attack? Fortunately not, because they are now protected indirectly by the openness of the economy. In the absence of foreign exchange controls, the government cannot interfere

with interest rates or dividends in the way it did. Moreover, tax rates on personal and company incomes cannot differ radically from levels in the UK's major trading partner countries in continental Europe or the US. But they can certainly go up.

The middle classes may note that the fiscal straightjacket which Brown has donned is not quite as tight as a mental patient in Broadmoor might require. Labour could raise, or abolish, the income ceiling on National Insurance contributions (NICs), which now stands at £485 a week. In specific investment areas, the Conservatives' newer tax shelters, TESSAs (tax-exempt special savings accounts) and Peps (personal equity plans), could be restructured and/or cut back in size; for instance, an overall ceiling could be imposed on the size of a PEP which, at the moment, can roll up in an unrestricted way year by year (unit trust Peps alone are now worth £25bn). Confusingly, Labour has proposed yet another savings plan, the Individual Savings Account.

Elsewhere, though, pension contributions could be further restricted and tax relief at the 40 per cent rate withdrawn, to be replaced by 25 per cent or some other lower rate. The residual tax

relief on mortgage interest could be abolished, saving £2.5bn a year. Very large tax reliefs are being given to pensions - some £1bn for occupational schemes, not counting personal plans. These could be further attacked by tinkering with company taxes. We know about the controversial proposed windfall tax on certain privatised utility companies, but Labour has also expressed concern about high dividend payouts and allegedly weak capital spending.

Norman Lamont, when Tory chancellor in 1993, made an earlier raid on dividends by reducing the tax credit from 25 to 20 per cent. In effect, this cut the dividend income of pension funds and Peps at a stroke by 6.25 per cent. Brown could further reduce, or even eliminate, the tax credit. He would argue that this would end an anomaly whereby retained (and reinvested) company profits can be taxed more highly than dividends distributed to tax-free institutions.

He would be constrained by the potential damage to pension schemes, both corporate and personal. It is only the tax relief that makes funded pension schemes attractive. Why else would anybody look

Continued on Page XXI

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Old Mutual Summary - Cont'd.				San Adriano International Life				Chesapeake Capital Corporation				GNI Fund Management (Hermes) Ltd				H.J. Schroder Bank & Trust Company				Lippo Asia Ltd				Orion Management Ltd				Shore Robinson Investment Mgmt Ltd			
Unit	Price	Change	%	Unit	Price	Change	%	Unit	Price	Change	%	Unit	Price	Change	%	Unit	Price	Change	%	Unit	Price	Change	%	Unit	Price	Change	%	Unit	Price	Change	%
Old Mutual Equity	1.047	-0.001	-0.1	San Adriano Int'l Life	1.047	-0.001	-0.1	Chesapeake Capital Corp	1.047	-0.001	-0.1	GNI Fund Mgmt (Hermes) Ltd	1.047	-0.001	-0.1	H.J. Schroder Bank & Trust Co	1.047	-0.001	-0.1	Lippo Asia Ltd	1.047	-0.001	-0.1	Orion Management Ltd	1.047	-0.001	-0.1	Shore Robinson Inv Mgmt Ltd	1.047	-0.001	-0.1

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Prices are in pence unless otherwise indicated and are based on the latest available information.

Prices are shown for all funds except:

- 1. Funds which are in the process of being liquidated.
- 2. Funds which are in the process of being restructured.
- 3. Funds which are in the process of being merged.
- 4. Funds which are in the process of being converted.
- 5. Funds which are in the process of being split.
- 6. Funds which are in the process of being sold.
- 7. Funds which are in the process of being bought.
- 8. Funds which are in the process of being created.
- 9. Funds which are in the process of being destroyed.
- 10. Funds which are in the process of being resurrected.

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- 7. Funds which are in the process of being bought.
- 8. Funds which are in the process of being created.
- 9. Funds which are in the process of being destroyed.
- 10. Funds which are in the process of being resurrected.

Dow ahead on supportive data

AMERICAS

A jump in the bond market that sent the yield on the 30-year Treasury down to around 6.8 per cent helped US shares to move ahead for a second session, writes Lisa Branstetter in New York.

At 1 pm, the Dow Jones Industrial Average was 43.87 stronger at 6,867.73 and the Standard & Poor's 500 climbed 6.76 to 790.33. Technology shares continued the rally which began on Thursday with the Nasdaq composite gaining 10.64 at 1,381.06 and the Pacific stock Exchange technology index climbing 0.8 per cent. NYSE volume was 307m shares.

Before the market opened, the Commerce department

reported that the US gross domestic product rose a stronger than expected 4.7 per cent in the fourth quarter of last year, while the price deflator rose by a smaller than expected 1.4 per cent.

Those figures were especially supportive of the equity market because they indicated that the economy remained strong but there was little threat of inflation. Several companies moved on earnings announcements as the reporting season drew to a close. Kellogg climbed \$1 at \$69 after announcing operating earnings that were slightly ahead of expectations. Coca-Cola, which is a component of the Dow, advanced \$3 to \$58 on

earnings that were in line with forecasts.

Borders Group, the second largest book retailer in the US, jumped \$3 or 9 per cent to \$43.45 after announcing that it expected to report stronger than expected quarterly earnings.

Shares in Dow Jones rose \$2 or 5 per cent to \$40.40 on reports that Reuters Holdings might be interested in a joint venture or an acquisition of the company's Telestar unit. Dow Jones denied the speculation.

Texas Instruments jumped \$5 or 7 per cent to \$75.40 on hopes for a new semiconductor that the company was to introduce next week.

TWA gave back some of the \$4 it rose on Thurs-

day on reports that a New Jersey company allied with the Russian airline, Transaero, had offered to take a controlling stake in the US airline. TWA said that the talks had never progressed to board level and its shares fell \$4 to \$6.

TORONTO rode out another bad morning for gold stocks, rising strongly in solid volume to close with the 300 composite index up 19.76 at 6,104.86 on the noon calculation.

The gold sector gave up a further 1.1 per cent with Barrick Gold off 25 cents to \$36.10 and Placer Dome down 40 cents to \$27.50. But transports and utilities pushed forward strongly. Northern Telecom surged

\$2.25 to \$39.50 and Newbridge Networks jumped 65 cents to \$46.50.

SAN PAULO surged strongly during a morning session which saw a marked improvement in levels of activity. Dealers said big local players had returned to the market and that there had been buying by foreign funds.

At midsession the Bovespa index was up 1,567 or 2 per cent at 79,456.

SANTIAGO picked up 1 per cent as Endeza traded higher after its better than expected earnings figures, released late on Thursday. The IPSA index rose 12.50 to 110.96 at midsession as Endeza rose 1.5 per cent to \$26.76 pesos.

Italians rediscover an appetite for equities

Paul Betts reports on a switch out of bonds

Asked barely a month ago what he thought of the Italian stock market, a banker with J.P. Morgan flippantly remarked that there has traditionally been only one kind of stock to buy in Italy: BOTs, as Italian treasury bonds are commonly known.

Until the beginning of this year, Italy was indeed a nation of "BOT people". To a large extent it still is. But with interest rates falling - the Bank of Italy dropped its prime rate by 75 basis points to 6.75 per cent this month, inflation is at an historic low, and the markets expect further rate cuts in coming months - Italians have started to take the plunge into equities.

The blue chip Mib-30 index rose by around 17 per cent last month after adding only 11 per cent in 1996 and falling by 2 per cent the year before. Daily volume has doubled from an average of 1,620bn last year to about 1,500bn in January, with some daily peaks of more than 2,000bn.

"We are bullish," says Ms Francesca Lelli of Banque Indosuez in Milan. "This is a liquidity-driven market. There will be hiccups - a political crisis in Italy won't help; nor would a major crash on Wall Street - but interest rates are coming down and there is a lot of switching from bonds into equities."

"I don't like it at all," says an Italian banker with a big US investment firm. "We've seen big rises in the past driven by falling bond yields. Unless corporate earnings match market expectations, it could all end in tears. I am worried by prospects for corporate earnings. Companies will have a difficult time coping with a higher lira and a depressed domestic market."

For the time being, the bulls outnumber the bears. A survey this week of 387 Italian market participants showed that 47.3 per cent believed that the Comit index could rise this year by

between 10 and 25 per cent while 38.4 per cent felt it could breach 25 per cent. Only 11 per cent expected the index to end this year flat. Yesterday, the index fell 1.41 to 789.33.

The bulls argue that Italy is catching up with other world markets (excluding Japan) after two years of lethargy. It is one of the few

ton, emphasising that the catalyst has been liquidity. In December, equity funds recorded net inflows of 1,389bn. Small investors continued to buy into mutual funds last month, with the trend accelerating after a three-day buying spree by foreign investors earlier in January.

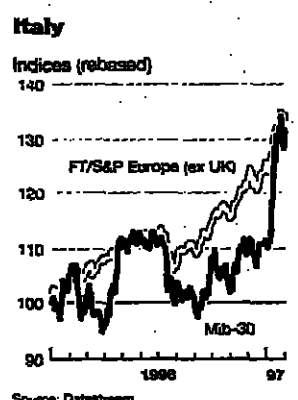
The recent approval of the regulatory structure that will finally allow pension funds to start operating in Italy are also expected to strengthen the market's structure in the longer term.

But the current corporate earnings season will test the market's nerve during the next few weeks and could provide some ammunition for the bears. The problem facing companies is that wages are continuing to rise faster than inflation and an eventual wage agreement with the important metal workers' union could put further pressure on costs.

For exporters, the decline of the lira this week against both the German and US currencies was welcome. But the cause of the lira's fall - prompted by an off-the-cuff remark by the prime minister, Mr Romano Prodi, that perhaps it had risen too far - also reflected the nervousness of the market.

At the end of the day, the all-embracing test for the market will be the perception of whether Italy will make it or not into the Euro. Should it fail to pull off the bet, the market could suffer.

But the culture of Italian small investors is undoubtedly changing and for the first time, the borsas is entering into the popular vernacular - just like soccer or pasta. At the beginning of January, a three-hour prime time programme on the main Rai state television channel was devoted to popular capitalism. It was a breakthrough of sorts, even though the majority of participants still felt that the stock market was "una grande truffa" - a great big fiddle.



Source: Datastream

SAP, Porsche leap as Dax peaks again

EUROPE

Bourses liked the US conjunction of accelerated GDP growth and a lower than expected, chain-weighted price index, responding with another seven all-time highs.

FRANKFURT got there by a fraction, the Dax index closing just 0.42 over its January 24 peak at an this indicated 3,037.70, 19.12 up on the day with turnover DM20n higher at DM13.5bn.

SAP prets were the outstanding Dax 30 performer, putting on DM2.50 or 14.1 per cent at DM24.50. The software group's shares had suffered an attack of nerves ahead of yesterday's 1996 results; but these took in a 58 per cent jump in fourth quarter pre-tax profits, after an 11 per cent decline in July/September.

Mr Eckhard Frahm, of Merck Finck in Düsseldorf, noted that SAP's performance yesterday took it close to the top of the Dax 30 performance table in January, with a gain of 14.4 per cent; it was bracketed by dollar stocks, Volkswagen and Thyssen with gains of 20.1 and 14.3 per cent respectively, and followed closely by Germany's two biggest banks, Deutsche and Dresdner, up 13.6 and 13.5 per cent

on the month in spite of recent profit-taking.

Porsche profs, meanwhile, extended their latest purple patch with a rise of DM145 or 10.4 per cent to DM1,535 or more than tripled first half profits, and hopes for its new models.

PARIS hit an all-time high for the second day running with the CAC 40 index ending 13.50 higher at 2,516.56, just 5 points short of the best of the day.

Alcatel Alsthom continued to power upwards on broker upgrades following Thursday's news of a spectacular earnings recovery. The stock jumped FF25 to FF754 in 3.5m shares for a two-day advance of more than 20 per cent.

Roche certificates jumped SF495 to an all-time high of SF12,495, extending their rise over the month of January to 19.3 per cent, compared with a 6.4 per cent rise in the market. Other pharmaceuticals and chemicals were also in demand. Novartis registered managed only a SF16 rise to SF1,629 but Clariant climbed SF18 to SF584.

The SMI index rose 63.1 to 4,372.3.

STOCKHOLM and HELSINKI featured strong performances from their telecom majors, with Ericsson B SKR8 ahead at SKR243 and Nokia A FM16.50 or 5.3 per cent better at FM324, both benefiting from the rally in US tech stocks. The Affarsvården General Index peaked again, 27.7 higher at 2,572.0, but the Hex, even with a rise of 64.40 or 2.4 per cent at 2,777.13, ended below its all-time best. Meanwhile, telecoms provision featured again in COPENHAGEN, where Tele Danmark rose another DKR10 to DKR374, and the KFX index moved into new high ground with a

FTSE Actuaries Share Indices

Yearly changes	Close	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Actuaries 100	2049.95	2049.95	2049.95	2049.95	2049.95	2049.95	2049.95	2049.95
FTSE Actuaries 200	2079.44	2079.44	2079.44	2079.44	2079.44	2079.44	2079.44	2079.44

Base value 1000 (2000/10/10). Monday: 100 - 2050.95, 200 - 2080.97. Tuesday: 100 - 2046.41, 200 - 2075.15. 1. Point & 0.175 International Index 1997. All rights reserved.

Yearly changes	Close	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Actuaries 100	2049.95	2049.95	2049.95	2049.95	2049.95	2049.95	2049.95	2049.95
FTSE Actuaries 200	2079.44	2079.44	2079.44	2079.44	2079.44	2079.44	2079.44	2079.44

added FF18 to FF708 after its SGE unit forecast a sharp reduction in its loss for 1996. LVMH came off FF150 to FF1,400 following a group forecast that DFS, its recent US duty-free shopping acquisition, could weigh on earnings this year.

ZURICH was carried to another record close by new stories that propelled the already rumour-driven Roche up another 4.1 per cent. One trader said that Roche found renewed impetus on an ill-founded story that the company had called a press conference, while a brief suspension for Warner Lambert in New York created another wave of excitement until it was attributed to nothing more than an order imbalance.

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gain of 2.15 at 147.88.

AMSTERDAM ended marginally ahead after a day of narrow trading, in which Hoogovens stood out with a rise of F13.10 or 4.3 per cent to F175.70 after a UK broker, it was said, aggressively upgraded the steel group's shares.

Internationals were mostly in demand with Philips putting on F1.00 to F174 and Royal Dutch, buoyed by news of an Australian oil and gas find, adding F12.60 to F132.

KLM slipped 10 cents to F155 ahead of next week's third quarter results where heavy costs pressures were widely expected to lead to losses.

The AEX index ended up 0.59 at 675.68.

Written and edited by William Cochran, Michael Morgan and Jeffrey Brown

SOUTH AFRICA

Industrial shares rallied strongly in Johannesburg but golds had another bad day. The all-share index gained 17.9 to 6,676.1 after a 40.7 improvement for industrial shares to 8,003.3. Golds came off 15.3 to 1,350.0 on a weak bullion price. Volume was moderate and much of the day's activity was said to be futures driven.

Disappointed Bombay tumbles 3.6%

ASIA PACIFIC

Speculators dumped shares, driving BOMBAY 3.6 per cent lower, after the government failed to deliver a series of keenly-awaited market-boosting measures.

Investors had expected the introduction of tax breaks on dividends, an easing of the carried forward rules and share buybacks, said Mr Jeff Chowdhry at Foreign and Colonial Emerging Markets.

In the event, a new takeover code, the opening of Indian debt markets to foreign investors and the introduction of a stock lending scheme, proved no substitutes. The BSE-30 index, which closed down on Thursday 13.8 per cent up on the month, tumbled 127.58 to 3,832.47.

TOKYO wiped out most of the previous day's losses, rising by 2 per cent after the US Fed chairman, Mr Alan Greenspan, said overnight that the Japanese were too pessimistic about their economy, writes Owen Robinson.

The Nikkei 225 average

rose 465.97 to 18,300.01 after moving between its opening low of 17,948.39 and 18,610.20. Waves of short-covering boosted stock index futures, prompting arbitrageurs to buy cash stocks.

Domestic institutions and foreign investors chased

export-oriented blue chips, which could be expected to benefit from the yen's weakness against the dollar. Volume eased from 446m shares to an estimated 407m. Advances led declines by 854 to 184 with 118 unchanged, the Topix index of all first-section stocks climbed 26.78 to 1,372.48 and the capital-weighted Nikkei 300 by 5.11 to 260.96. In London, the ISE/ Nikkei 50 index rose 0.89 to 1,371.92.

Some blue-chip exporters firmed. Sony added ¥30 to ¥8,180, Sharp ¥90 to ¥1,660 and Hitachi ¥40 to ¥1,090. Adventest rose ¥100 to ¥6,500. Leading carmakers lost ground on profit-taking, Toyota losing ¥20 to ¥3,350 and Honda ¥30 to ¥3,250.

Takeda Chemical Industries rose ¥20 to ¥2,390 on its plans to apply for listing on the New York Stock Exchange in 1999.

In Osaka, the OSE average added 394.87 to 19,192.57 in volume of 63.7m shares. BANGKOK rallied late in the session but still ended nearly 4 per cent down with the SET index off 32.14 at 788.04, after 782.07, on heavy foreign selling.

Leading banks regained ground after heavy selling in recent sessions. Industrial Bank of Japan rose ¥60 to ¥1,530, Bank of Tokyo-Mitsubishi ¥60 to ¥1,780 and Sakura Bank ¥25 to ¥690. Regional banks, however, retreated on continuing concerns about their ability to deal with bad debt problems. Shiga Bank fell ¥14 to ¥546 and Bank of Okinawa shed ¥200 to ¥3,250.

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FT/S&P ACTUARIES WORLD INDICES

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Figures in parentheses show number of lines of index.

— THURSDAY JANUARY 30 1997 — — WEDNESDAY JANUARY 29 1997 — — DOLLAR INDEX —

US Dollar Index 100 = 1.0000

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LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is now delivered by Ecol, part of Financial Times Information Services.

Details relate to those securities not included in the FT Share Information Services.

The prices are those at which the business was done in the 24 hours up to 5.15pm on Thursday, they are not in order of execution but in ascending order of price, with the day's highest and lowest trades.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

The size of individual deals is rounded to the nearest thousand and represented without parentheses, where available.

Bargains at special prices. * Bargains done the previous day.

Treasury Funds, etc

British Treasury 10% 2007 - 100% (20.00)
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Corporation and County

British Petroleum 10% 2007 - 100% (20.00)
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 British Petroleum 10% 2007 - 100% (20.00)

UK Public Bonds

British Treasury 10% 2007 - 100% (20.00)
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Foreign Stocks, Bonds etc

British Treasury 10% 2007 - 100% (20.00)
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Sterling Issues by

British Treasury 10% 2007 - 100% (20.00)
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Overseas Borrowers

British Treasury 10% 2007 - 100% (20.00)
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 British Treasury 10% 2007 - 100% (20.00)
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Listed Companies

British Treasury 10% 2007 - 100% (20.00)
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WEEKEND BUSINESS

BUSINESSES FOR SALE

SECOND DECLARATION OF A PUBLIC SALE AUCTION for the total assets of the Company "TOURISTIKA EPICHRISIS STYLIDOS S.A."

ΚΤΙΜΑΤΙΚΗ ΚΕΦΑΛΕΟΥ S.A. - Administration of Assets and Liabilities (1 Mesogion Ave., 6th floor), acting as a specific Liquidator of the Company "TOURISTIKA EPICHRISIS STYLIDOS S.A.", which has been under liquidation procedures of the article 46a of Law 1892/90 by the 6885/1996 decision of the Athens Court of Appeals, which has not been repeated or altered.

DECLARATION
 A Public Sale Auction with sealed, binding tenders for the purchase of total assets of the Company under specific liquidation procedures.

BRIEF DESCRIPTION
 The Company under specific liquidation procedures was founded in year 1968 under the name "ΑΓΚΑΙ ΕΠΙΧΕΙΡΙΣΤΙΚΗ S.A." by the 3452/1968 deed of the notary public of Salamis Mr. Chr. Kehayas. The setting up permit and the Articles of the Company were published in the official gazette issue 1145 of December 7, 1968, bulletin of S.A. and Limited Companies. According to these documents the purpose of the Company is to build and operate hotels in Fthiotis shores, etc. Today it is established in Athens (10 Leika Street). According to the 6885/1996 decision of the Athens Court of Appeals the Company is now under the specific liquidation procedures of article 46a of Law 1892/90.

ASSETS TO BE LIQUIDATED
 The assets of the Company, which are liquidated as a whole, consists of a C class hotel, that was operating until September 1996 under the name "STILUS CLUB HOTEL", with 154 rooms with bath and 297 beds, which is built on a sea - shore land plot of 20.180 sq.m., located in Karavomissi community of Fthiotis prefecture, by the Athens - Thessaloniki national highway, 233 kilometres from Athens, with all its components, annexes and equipment. The assets under liquidation also include every right that has been created from the public use of the title "STILUS CLUB HOTEL" and claims against third parties, as shown in the account books of the Company, of a total amount of drachmas 22.765.400.

ADDITIONAL INFORMATION
 Those interested for additional information can collect, from the offices of the Liquidator, the detailed Assets Memo, by submitting a written commitment for confidentiality.

TERMS OF DECLARATION
 1. The sale will take place in a Public Auction according to the article 46a of Law 1892/90 as this was added by article 14 of Law 2000/1991 and modified thereafter, under the terms included in this Declaration and those included in the detailed Assets Memo whether or not they are repeated in this Declaration. Submission of binding tender entails the unreserved acceptance of all these terms.

2. Those interested to participate in the Auction are invited to submit written and sealed binding tender until Thursday, February 27, 1997, before 12:00 noon, to the notary public of Athens, in charge, Mr. Evangelos Drakopoulos, 19 Voukourestiou Street, Athens, tel: 36.15.732, 36.21.128. The price must be written in the tender, as well as the terms of payment in cash or with credit, stating the number of instalments, time of payment and suggested interest rate. In the case that the following are not mentioned: (a) the way of payment, (b) the part of the credited amount that will be interest - bearing and the part that will be interest - free, and (c) the interest rate to be applied, it will be assumed respectively that: (a) the price will be paid in cash, (b) the credited amount will be paid interest-free, and (c) the interest rate to be applied, in case there exist an interest-bearing credited amount, will be the interest rate applied in legal transactions at the time of payment. In any case that there exists an interest-bearing credited amount, the interest will be calculated upon the unpaid part of the price and will be on top of the instalments when these are payable. Overdue tenders will not be accepted.

and will not be considered. All obligations arising from the tender will be in force until the acceptance of a tender. Tender on behalf of a third party will be valid only if it is stated at the time the tender is submitted and it is covered by a personal guarantee of the submitting person that all obligations arising from the transaction contract of the assets will be fulfilled.

3. Tender must be covered by a letter of guarantee (according to the model included in the Assets Memo) of a Bank legally established in Greece, valid until the acceptance of a tender, for the amount of DRACHMAS TWENTY MILLION (20.000.000). Letters of guarantee will be returned after the acceptance of a tender, except that of the highest bidder.

4. Tenders together with letters of guarantee must be submitted in a non-transparent, sealed envelope.

5. The tenders will be unsealed by the public notary mentioned above, at his office on Thursday, February 27, 1997 at 13:00 p.m. During this procedure, those who have submitted a binding tender in time, may be present and sign the Memo that will be drafted.

6. Highest bidder will be the person whose tender will be decided to be the most profitable for the Lenders of the Company, by the creditors that represent more than 51% of the claims against the Company (hereafter: "the creditors"), based on a proposal made by the Liquidator.

7. The Liquidator will notify in writing the highest bidder of the Auction to come at the place and the time that will be stated in the notification to sign the contract for the transaction of the assets, according to the terms of his tender and any other improving term that will be recommended by the creditors and agreed with the highest bidder. In case of violation of this obligation of the highest bidder, the letter of guarantee will be held as a penalty. The procedure of the acceptance of the highest bidder will be considered to be completed when the transaction contract has been signed.

8. All expenses of all types for the participation in the Sale Auction and the transaction, as well as any taxes (e.g. V.A.T.), duties, public charges or fees that may be imposed (above the exemptions provided by law) in connection with the participation in the Auction and the transaction contract, its consequences, the certificates and any other deed are exclusively paid by the highest bidder.

9. The Liquidator and the Creditors have no responsibility against participants in the Auction for the valuation of their bid, the election of the highest bidder, the decision for repeating or cancelling the Auction and any other decision they may take in respect to the procedure followed in the Auction. Also, the Liquidator, or the creditors, have no responsibility for any real or legal faults of the assets to be sold. The submission of a binding bid does not give the participant any right for the acceptance of his bid, and in general, participants in the Auction do not gain any right, claim or demand from this declaration, or their participation in the Auction against the Liquidator or the Creditors for any reason or cause.

10. This declaration has been written in the Greek language and has been translated into the English Language. In any case of ambiguity, however, the Greek text is predominant.

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